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No. 7, July 1982

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22 November 1982

USSR REPORT
USA: ECONOMICS, POLITICS, IDEOLOGY

No. 7, July 1982

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LITTLE HOPE SEEN OF CHANGE IN REAGAN'S FOREIGN, ECONOMIC POLICIES

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 7, Jul 82 (signed to press 15 Jun 82) pp 3-6

[Article by G. A. Shishkin: "Winds of Change in Washington"]

[Text] Two milestones were celebrated in one way or another in the United States in May: the 10th anniversary of the "official start of detente," which is reckoned from the Soviet-American summit meeting in Moscow at the end of May 1972, and the Reagan Administration's 18 months in power. As observers are pointing out everywhere, including in the United States itself, the results so far of Washington's policy in the sphere of both "anniversaries" are not only inauspicious but also dangerous. Even the weekly U.S. NEWS AND WORLD REPORT, which is known to be closely connected with the U.S. military-industrial complex, admitted: "In Ronald Reagan's Washington, detente is a dirty word"; "today the Reagan Administration views relations with the Soviet Union not in the realm of cooperation but in the realm of rivalry." Moreover, "certain high-ranking administration spokesmen even champion some form of economic and political war."

There is nothing new in what this weekly writes. Much earlier, for example, the rightwing Washington journalists R. Evans and R. Novak, in their book on the first stage of Reagan's presidency, defined the essence of what is happening in Washington as a "leap into the past": In the sphere of domestic policy "a return to the American economic structure of approximately 55 years ago," and in the foreign policy sphere "a return to the realities of the international correlation of forces which existed a quarter-century ago."

Nevertheless, many observers both inside and outside the United States point out that it is as though some winds of change have now started blowing in Washington. In the White House they have made themselves apparent, above all, through a change in the tone and phraseology of its master's speeches. For example, in his widely publicized speech at Eureka College in May, President Reagan declared, to the amazement of many of his supporters and fans in the rightwing camp: "I do not doubt that the Soviet people and the Soviet leaders are vitally interested in preventing the use of nuclear weapons." An obvious commotion was also caused in the camp of American reaction by the President's declared intention to resume talks with the Soviet Union on nuclear arms limitation and reduction. American political observers could not help wondering whether all this meant that Washington would drop all of its preliminary conditions for talks with the Soviet Union.

Is the Reagan Administration really changing its views on the world situation or is it just making certain cosmetic adjustments in its position with a view to tactical considerations? Unfortunately, there is too much evidence pointing to the latter. This is being reported quite openly by American newspapers and is being said by eminent U.S. public spokesmen and politicians. It is as though the President, by abandoning his prior conditions for the start of arms talks or a summit meeting, U.S. NEWS AND WORLD REPORT emphasizes, is merely pandering to the growing movement for a nuclear freeze in the United States and in Western Europe and is trying to regain the political initiative.

The fact is that, 18 months after it entered the White House, the Reagan Administration has clearly realized that its nostalgia for the period of "American supremacy" is fated to remain an unrealized dream. Thoughtlessly ignoring the irreversible changes in the world and cherishing hopes of achieving technological and military superiority over the Soviet Union, which will allegedly be unable to compete effectively with the United States in the arms race, Ronald Reagan and his entourage are basing their plans on obviously false and exaggerated evaluations of the potential of modern capitalism.

From the very first day of "Reaganomics," many eminent American economists, such as J. Galbraith, A. Burns, S. Melman, W. Leontief and others, leveled persuasive criticism at the White House policy of an astounding increase in military expenditures. The essence of their statements, as the CHRISTIAN SCIENCE MONITOR pointed out, was the following: "What is the point in strengthening defense capability if the result is that the U.S. economy--the basis of American strength--grows increasingly weaker?"

Of course, "Reaganomics" has its own logic and its own calculations, and that is why U.S. big business welcomed it so enthusiastically at first. Many businessmen saw Washington's shift toward the policy of confrontation and toward attempts to organize a "second cold war" as a "true" means, and one which had already been used repeatedly, of overcoming the crisis of American capitalism which became particularly apparent in the second half of the 1970's. Some 18 months of experience in the application of the principles of "Reaganomics" has confirmed yet again what had already been cogently demonstrated by eminent American economists, namely that the economy's militarization cannot save capitalism from cyclical crises but, on the contrary, helps to deepen them and to boost unemployment.

In conjunction with the escalation of the arms race, "Reaganomics" has brought the United States to the brink of economic disaster. When the Reagan Administration came to power in January 1981, unemployment stood at 7.4 percent. By this "anniversary," that is, 18 months later, in April 1982, it had risen to 9.4 percent, or to the level of prewar 1941, when the United States was in the grip of a catastrophic crisis.

Nevertheless, TIME magazine points out, "it was comforting to consider the multimillion-dollar defense contracts a stimulus for American industry, which is experiencing an acute shortage of ready cash." Very soon, however, many businessmen learned through their own experience that only a handful of military-industrial corporations profit from the excessive arms program (let us recall that, according

to Reagan's program, deliveries of new arms to the Pentagon through 1987 are to increase 16 percent a year, as compared to 14 percent in the record arms race at the time of the aggression in Vietnam).

The doubts and alarm of American businessmen can be judged from the results of this May's annual session of the Business Council, which unites approximately 50 of the biggest American corporations. The TIME magazine correspondent who covered that event described what happened there as follows: "The mood of the corporation leaders has changed dramatically in comparison to what it was a year ago, when Business Council members were in raptures over the splendid prosperity which they thought would inevitably follow the congressional approval of Reagan's economic program, and without a single word of skepticism."

Another magazine, the aforementioned U.S. NEWS AND WORLD REPORT, polled a small group of Americans with "the greatest political and economic influence." As a result, the magazine reached the following conclusion: "Influential Americans, who were so optimistic a year ago, are now rapidly losing hope that the President, Congress or other top echelons of power can cope effectively with the incredibly complex domestic and foreign problems." The predominant viewpoint among the leaders of American business can be formulated as follows: "The White House must quickly make radical political changes in order to restore economic order and reassure an unstable world."

It is also significant that the results of the survey of these "most influential Americans" showed that 48 percent of them consider the Reagan Administration's "achievements" to be either "disappointing" or "good for nothing," whereas only a year ago such views were expressed by only 16 percent of those polled. Some 87 percent of the people polled supported the congressional call for major changes in economic policy. The demand for a limit on military spending was given top priority.

The Reagan Administration's stubborn attempts to enhance America's might and prestige in the international arena, particularly by achieving military superiority to the Soviet Union, has caused great misgivings in Western Europe as well as the United States. "In the opinion of many Americans and Europeans," a WASHINGTON POST editorial said, "the danger of our involvement in a nuclear war is far greater under Reagan than under any of his predecessors. This opinion is a result both of the intransigence displayed by the administration in the foreign policy sphere and of the thoughtlessness of statements by the President and his closest advisers about tactical nuclear war, pre-emptive nuclear strikes and the features of the neutron bomb."

Under these conditions, in the opinion of the NEW YORK TIMES, the Reagan Administration has been compelled to take steps to "calm the public, which has had a nervous reaction to statements about limited nuclear war, and simultaneously not arouse the hope of any important changes in the sphere of arms control."

It was precisely this desire that was so clearly reflected in the "sensational" proposal put forth by Ronald Reagan in his aforementioned speech--a proposal seemingly aimed at a reduction in the strategic arms of the USSR and the United States.

In this connection, L. I. Brezhnev declared that the American stance is absolutely onesided, particularly since the United States would like to totally exclude the possibility of negotiations on the particular types of strategic arms which it is currently developing most intensively.

Many authoritative figures in the United States, including Senators E. Kennedy and M. Hatfield, immediately pointed out the fact that the stance proclaimed by Washington was unrealistic, divorced from life and simply insincere. Kennedy and Hatfield bluntly declared that Reagan's "initiative" was tantamount to the start of a new round of the arms race through the creation of the MX and Trident II systems and other new types of arms. "Reagan's plans," the senators emphasized, "do not extend either to bombers or to cruise missiles. This is a rather large loophole, through which one could drag a whole fleet of bombers, each one of which would possess greater destructive force than all the bombs dropped during World War II."

Behind the Republican Administration's maneuvers and the growing pressure exerted on this administration by members of Congress, one can perceive campaign considerations and an attempt to use the growing U.S. antinuclear and antiwar movement in the struggle for votes in next November's mid-term election. Naturally, Democrats are emphasizing the fact that the number of unemployed in the country has topped 10 million, that only 71.1 percent of U.S. production capacities are being utilized (in April 1982) and that interest rates remain high, as a result of which the economy's recovery from the crisis is being hindered and conflicts with Western European countries and Japan are being intensified. As for the Republicans, in their opinion, as the NEW YORK TIMES correctly remarks, "the Reagan team has plainly learned the axiom of Washington politics which advises presidents who encounter difficulties to turn to diplomacy when there is trouble at home."

The NEW YORK TIMES also reported that administration spokesmen had suggested to trusted representatives of the press that the administration's foreign policy has changed over the past 6 months. "Previously oriented toward the Republican Party's conservative wing," they declared, "this policy has now shifted to the traditional center."

However, it is not White House phraseology, even it has undergone some modification, but its concrete actions that indicate that it is still too early to speak of winds of change in official Washington. This is also attested to by the continuing arms race and by the elaboration of more and more new "doctrines" and "directives" to substantiate American imperialism's claims to world supremacy, its desire for the "technological and economic isolation" of the USSR, and so forth.

At the same time, it is also obvious that a great deal has changed in the sentiments of broad segments of the American public during the present administration's 18 months in power. Winds of change have really started blowing and are growing stronger in these circles, if only because more and more competent figures are reaching the conclusion that the United States has long lacked the military, economic or political potential to return to the strategy of the 1950's, which, incidentally, was also groundless.

Therefore, the "leap into the past" conceived by the administration is tantamount in the present situation to a leap into an abyss. The correlation of forces in the world has changed not at all in favor of imperialism and militarism. As all U.S. public opinion polls show, the majority of Americans are convinced that a reluctance to reckon with the might and international influence of the world socialist system is tantamount to political folly. Nor should American imperialism continue to count on its NATO partners to blindly follow all of the zigzags of Washington's adventurist policy. The developing countries are also pursuing their independent policy with increasing consistency. Even in the United States, as the new and probably unprecedented scope of the antiwar movement testifies, the forces which oppose the fueling of international tension and advocate the normalization of Soviet-American relations and the broadest possible and, naturally, equitable and mutually advantageous cooperation with the USSR are not so weak.

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REGIONAL DISARMAMENT PROPOSALS FOR EUROPE, OTHER AREAS

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[Article by V. F. Petrovskiy: "For the Implementation of the Concept of 'Peace Zones'": passages rendered in all capital letters printed in boldface in source]

[Text] Arms limitation and disarmament presuppose effective measures on the regional level as well as the global one. The promotion of military detente in specific regions should eventually turn them into zones of peace.

Within the context of measures to curb the arms race and effect disarmament on the regional level, the Soviet Union attaches particular significance to Europe, where the concentration of troops and military equipment is 20 times as high as the world average. Any military conflicts on the European continent could grow into a thermonuclear world war.

The European situation is unique, however, because it also offers the greatest opportunities to cope with this danger. It was in Europe that major peaceful actions were accomplished in the 1970's on the bilateral and the collective levels on the basis of the military balance between NATO and the Warsaw Pact. Several frontiers were crossed, one after the other, in the direction of better relations between countries with differing social structures.

The most important problem worrying the European public today is the need to preserve and maintain the military balance which has proved to be a factor of peace and stability and a way of eventually turning Europe into a continent of peace. Of course, it will be important to choose ways and means of solving this problem that will help to strengthen security in Europe. Different approaches, however, have been taken.

One approach, for example, is the one taken by Washington and its most zealous supporters. It consists of attempts to shift the military balance in this group's own favor, accompanied by discussions of the need to maintain this balance. These attempts are unlikely to produce unilateral advantages because, just as any other action, they will certainly evoke a counteraction: The balance will eventually be restored, but on a higher and more dangerous level.

Several countries believe that the preservation of the military balance means the maintenance of armed forces and arms in Europe on the present quantitative and qualitative level. But this actually means that the present concentration of

military potential on the continent, which is unacceptable for peacetime, would be preserved, and that virtually all of the roots that have sometimes nurtured an atmosphere of mistrust and tension in Europe would also be preserved.

The most realistic and promising way of preserving the military balance consists of the gradual and mutual lowering of the level of military confrontation, accompanied by the observance of the principles of reciprocity, equality and non-aggression and the institution of measures to accomplish real disarmament, which would lay the material basis for a reliable peace. This is becoming particularly important now that there is a growing tendency to "Europeanize" the nuclear risk, engendered by U.S. attempts to turn Europe into the main theater of hostilities in the event of a thermonuclear conflict.

In connection with NATO's dangerous attempts to undermine the military balance in Europe, the ISSUE OF NUCLEAR WEAPONS has recently become an urgent problem on the continent. In 1979 the Soviet Union announced its willingness to reduce the number of medium-range weapons deployed in the western regions of the USSR if no additional nuclear weapons of this type would be deployed in Western Europe. The rejection of this proposal by the United States and its allies and the adoption of the NATO decision to deploy new American medium-range missiles in some Western European countries complicated the situation in Europe¹ and displayed an obvious desire to change the existing military balance on the European continent in NATO's favor.

A year later, in 1980, the USSR proposed the simultaneous discussion and resolution of the problems connected with medium-range nuclear missiles in Europe and forward-based American nuclear weapons. This proposal was laid on the table of the Soviet-American talks on the limitation of nuclear weapons in Europe, during the round which took place in October-November 1980. Both sides announced that this discussion produced positive results.

At the 26th CPSU Congress, the USSR put forth another proposal--a moratorium on the deployment of new medium-range nuclear missiles in Europe by the NATO countries and the USSR. In other words, it proposed that the present level of these weapons, and certainly the forward-based U.S. nuclear missiles among them, be frozen in the quantitative and qualitative respects.

In November 1981 L. I. Brezhnev put forth some new sweeping proposals in the FRG, which essentially consisted in the following:

First of all, adding considerably to its proposal on the moratorium, the Soviet Union expressed its willingness--if the other side should consent to this moratorium--to reduce the number of its own medium-range nuclear weapons in the European part of the USSR on a unilateral basis, moving toward the lower level on which the USSR and the United States might agree as a result of talks;

Secondly, the Soviet Union's intention to insist on the radical reduction of medium-range nuclear weapons by both sides--and not by dozens, but by hundreds of units--was stressed; obviously, this would include forward-based American weapons and the corresponding nuclear arms of England and France;

Thirdly, the USSR proposed that the West and East agree to dispense completely with all types of medium-range nuclear weapons aimed at targets in Europe.

Furthermore, as L. I. Brezhnev stressed, the Soviet Union unequivocally wants Europe to eventually be free of all nuclear weapons--both medium-range and tactical. This would be a genuine "zero solution" to the advantage of all sides.

In essence, these proposals represent a program for the curtailment of nuclear weapons in Europe. It would be wrong, however, to indulge in the fantasy that this will happen all by itself. The United States and its main NATO allies have still not displayed any desire to seek a mutually acceptable and realistic agreement based on the principles of equality and equivalent security. There are many signs that the dominant NATO powers, especially the United States, are still hoping to gain military advantages for themselves and, in fact, are counting on the unilateral disarmament of the Soviet Union.

The deployment of 572 additional medium-range American missiles (Pershing-2 and cruise missiles) in Europe would give NATO an advantage of more than half again as many carriers. In terms of nuclear charges in launch (or take-off) position, NATO's advantage would double. As a result, the approximate balance of nuclear weapons would be disrupted considerably in favor of the North Atlantic Bloc. Furthermore, in view of the fact that the new American weapon is capable of striking targets on Soviet territory, it is of a strategic nature and its deployment in Europe would radically destabilize the entire situation. There should be no doubt whatsoever that the Soviet Union would then have to take retaliatory steps to avoid the deterioration of the strategic situation and restore the balance.

It would be natural to assume--if people in the West were seriously worried that the military balance in Europe might be disrupted (as A. Haig said, for example, on 23 February 1981)--that the leaders of the Western countries would jump at the Soviet offer of a moratorium on the deployment of new medium-range nuclear weapons in Europe and the modernization of existing ones during the negotiation period. This, however, has not been the case.

In connection with this, it is fairly apparent that the plans of the West, especially the United States, to deploy medium-range missiles in Europe are motivated by a desire to change the balance of power there in the West's favor and it therefore does not want to be bound by a moratorium and has rejected the proposal as a "nonnegotiable" matter.

There is no question that Washington has played the main role in the development of this negative approach to the problem. It has tried to carry out its plans to deploy new missiles in Western Europe at any cost. In essence, this was also the purpose of the obviously unacceptable, demagogic proposal of the so-called "zero solution," which was put forth by Ronald Reagan in November 1981 (the United States would give up its plans to deploy new missiles in Europe--although American forward-based nuclear weapons and the nuclear weapons of other NATO countries in Europe would remain untouched--if the Soviet Union would dismantle its medium-range missiles, whose deployment was made necessary precisely by the presence of the NATO countries' weapons in Europe). The acceptance of the American "zero alternative" would mean that the number of medium-range nuclear weapons at the

disposal of the North Atlantic Bloc would not change in the least but the number of such weapons in the European part of the USSR would actually be reduced to zero.

The USSR has consistently favored the quickest possible attainment of a mutually acceptable agreement on nuclear weapons in Europe and the achievement of tangible results, but only on the condition that this agreement cover all components of the balance of nuclear forces in Europe and that the principle of equality and equivalent security be strictly observed.

Striving to give the talks in Geneva the necessary momentum, the USSR proposed at the beginning of 1982 that attention be focused on the immediate compilation of a joint document to define the basic parameters of the future agreement, particularly the following:

The agreement should cover and encompass all medium-range nuclear arms in accordance with the principle of equality and equivalent security;

It should envisage the reduction of their present number (approximately 1,000 on each side) to 300 on each side by the end of 1990, with an intermediate level of 600 units by the end of 1985;

The basic method of the reduction of medium-range weapons will be their destruction, but this will not exclude the possibility that some weapons will be withdrawn to some point beyond a designated boundary;

Provisions will be drafted to guarantee the appropriate control over the fulfillment of commitments stemming from the projected agreement;

During the negotiation period the sides will refrain from deploying new medium-range nuclear weapons in Europe, and the medium-range weapons which are now deployed in this region will be frozen in the quantitative and qualitative respects.

In March 1982 the Soviet leadership realized that the problem of nuclear arms reduction in Europe was becoming a major method of eradicating the growing threat of nuclear world war and resolved to institute a unilateral moratorium on the deployment of medium-range nuclear weapons in the European part of the USSR. The weapons that had already been deployed here were frozen in the quantitative and qualitative respects, and the replacement of old SS-4 and SS-5 missiles by the newer SS-20 model was stopped. The Soviet Union also announced that if there were no new exacerbation of international affairs, it would reduce the number of its own medium-range missiles this year.

On the day that the new Soviet peace initiatives were announced in Moscow, President Reagan of the United States made a long speech in Nashville. He also spoke about the nuclear problem, but in a completely different context. The essence of the approach taken by Washington and NATO, which responded negatively to the Soviet peace initiatives, including the decision to institute a moratorium on the deployment of medium-range nuclear weapons, is reflected in the communique of a session of the North Atlantic Bloc's nuclear planning group in Colorado

Springs in March. It reaffirmed NATO's intention to prepare for the deployment of new American nuclear missiles in Europe. Obviously, the position taken by the members of this bloc is not contributing anything to the talks on the limitation of nuclear weapons in Europe.

On 18 May 1982 L. I. Brezhnev addressed the 19th Komsomol Congress and said that the USSR had already begun to reduce the number of its medium-range missiles in accordance with its earlier decision. Besides this, he announced that no additional medium-range missiles would be deployed in any location where the Western European countries would be within their range, and he repeated that the Soviet Union's announced unilateral freeze also envisaged the cessation of preparations for the deployment of missiles, including the construction of launching sites.

Another way of lowering the level of military confrontation in Europe consists in the continuation of the PROCESS BEGUN BY THE CONFERENCE ON SECURITY AND COOPERATION IN EUROPE, the result of which was the signing of the well-known Final Act in Helsinki in August 1975.

The Helsinki Final Act instituted certain confidence-building measures on an international legal basis for the first time. They included advance information about large-scale military exercises for ground troops, the invitation--voluntary and on a bilateral basis--of observers from other countries to attend military exercises and reciprocal invitations of military personnel, including visits by military delegations. The measures recorded in the Final Act on the reinforcement of trust are now being implemented in all of the European states, including a 250-kilometer zone on Soviet territory near the western border of the USSR.

Using past experience as a guide, the Soviet Union and other socialist countries have put forth an extensive program in recent years to develop and extend some of the decisions of the all-Europe conference. In particular, they have proposed that the advance information about large-scale military exercises in the regions specified in the Final Act apply to exercises involving 20,000, rather than 25,000, personnel and that the information be provided a month, rather than 3 weeks, in advance; that information also be provided about movements of ground troops in the same region involving 20,000 servicemen or more; that information be provided about large-scale air force exercises in this region and about large-scale naval exercises conducted by signatories of the Final Act near the territorial waters of other signatories; that the scales of military exercises be confined to 40,000-50,000 personnel.²

The Soviet Union and other socialist countries believe that material confidence-building measures and disarmament must be combined with political and legal measures to reduce the danger of war and strengthen security safeguards. This was the purpose of their proposal that all of the signatories of the Final Act conclude a treaty on no first use of nuclear or conventional weapons against one another--that is, a non-aggression pact. The signing of this document by 35 states would represent an important step in carrying out the all-Europe conference's plans for the realization of detente.

Special measures to safeguard the security of the European non-nuclear states would be of great significance. The nuclear powers could pledge never to use nuclear weapons against the European states--regardless of their membership or

non-membership in military alliances--which do not possess these weapons and do not have foreign nuclear weapons on their territory.

Another important component of the group of political and legal measures to strengthen European security is the proposal that NATO and the Warsaw Pact not be expanded in any way--a proposal made by the Warsaw Pact countries as early as November 1976.

The socialist states of Europe also believe that no state or group of states in Europe should increase the number of its armed forces in the region specified in the Final Act after a certain date. This would help to reinforce positive elements in the situation on the European continent and would be an important step toward stronger stability and trust in Europe.

The Soviet Union and other socialist countries attach special significance to the question of convening a conference on military detente and disarmament in Europe, which was the central topic of discussion at the Madrid meeting of the signatories of the Final Act. The Soviet Union and the other fraternal socialist countries believe that the Madrid decision to convene this kind of conference is completely feasible. This would require participating states to display the political will and a sense of responsibility for peace on this continent. A conference on military detente and disarmament in Europe would make a significant contribution to the consolidation of peace and security in this region and beyond its boundaries.³

Another way of achieving military detente and disarmament would consist in the MUTUAL REDUCTION OF ARMED FORCES AND ARMS IN CENTRAL EUROPE. The 1973 decisions on the negotiation of this matter were definitely connected with the beginning of the all-Europe conference and also indicated the need for parallel actions in both of these areas. The Soviet Union regards the lower concentration of troops and weapons in Central Europe as one of the most important ways of securing military detente on the continent.

The decisions adopted at preliminary consultations in Vienna in January-June 1973, during the course of which the subject and principles of the talks were defined and were later approved by the governments of the participating countries, represent a solid basis for this. A clear agreement was reached on the following matters during the consultations: The reduction would cover weapons as well as armed forces personnel, and the reduction would be mutual and would apply to a specific zone in Central Europe. The sides also agreed that future reductions would be made without injuring the security of any side.

The possibility of reaching mutually acceptable agreements within a reasonable length of time stemmed from the important fact that an approximate balance of forces had existed on the European continent for several years. The overall improvement of the international climate was one of the most important favorable prerequisites for the businesslike nature of the Vienna talks.

The proposals made by the socialist states immediately after the beginning of the Vienna talks and later corresponded strictly to the decisions of the preliminary consultations and could have led to a significant mutual reduction in troops and weapons and, consequently, to stronger stability and trust on the continent.

The socialist countries put forth around 20 important initiatives at the talks in Vienna. On 18 February 1982 the Polish delegation, acting on behalf of the Warsaw Pact states participating directly in the talks--the USSR, the GDR, Poland and Czechoslovakia--submitted a detailed draft agreement on the mutual reduction of armed forces and arms and related measures in Central Europe during the initial stage.

One of the key elements of the draft agreement was the reduction of Soviet and American troops in Central Europe by 20,000 and 13,000 military personnel respectively. This did not include the 20,000 Soviet servicemen whose withdrawal from the GDR was conducted on a unilateral basis in summer 1980.

Besides this, the socialist countries proposed a compromise on the maintenance of collective levels of troop strength by both military-political alliances in Central Europe, which would be achieved as a result of two stages of reduction. This procedure would, on the one hand, meet the Warsaw Pact countries' demand for the prevention of the unimpeded buildup of troops by individual countries in the future and, on the other hand, would not impose individual restrictions on specific countries, to which the NATO members were objecting. In addition, this would establish a clear connection with the second stage of reductions, which would affect the troops and weapons of other direct participants in the talks. The procedure envisaged a "freeze" on the number of personnel of all direct participants other than the USSR and the United States during the interval between the two stages of reduction, and this would be accomplished on a collective basis, which was also in line with the wishes of the Western side.

The draft agreement on the initial stage, proposed by the socialist countries, summarizes much of the work accomplished during the entire negotiation period and refers specifically to all matters on which a mutual understanding or at least similar positions have been reached.

As L. I. Brezhnev stressed at the 26th CPSU Congress when he was discussing the Vienna talks, "the socialist countries have gone more than halfway to meet their Western partners."⁴ It is also significant that these peace initiatives have been backed up by practical steps, such as the Soviet Union's unilateral withdrawal of 20,000 servicemen, 1,000 tanks and other military equipment from Central Europe.

An objective appraisal of the state of affairs at the Vienna talks reveals, however, that some NATO countries, unlike the socialist countries, have no real interest in searching for mutually acceptable solutions. Hoping to change the approximate balance of forces on the European continent, including Central Europe, in their own favor, the United States and its NATO allies have alleged that the socialist countries have superior troop strength and immediately proposed the so-called "asymmetrical" reduction of ground troops--that is, a much larger reduction on the socialist side. Furthermore, in an attempt to revise the agreements reached during the preparatory consultations, they have tried to confine the entire matter simply to the reduction of Soviet divisions and tanks in exchange for the withdrawal--on an individual basis--of only one-third as many American military personnel. As for reductions in the troop strength of the United States' NATO allies, this country has proposed that the discussion of this matter be shelved indefinitely and that the problem of reducing and limiting air strength and weapons, including nuclear arms, not be discussed at all at the Vienna talks.

During the course of the talks the Western countries had to modify some of the elements of their initial, absolutely unrealistic position in 1975-1978. In particular, they expressed their willingness to extend the reductions and limitations to U.S. nuclear munitions and some means of their delivery and to guarantee that these reductions would be significant.

In 1979, however, the West decided to take a much tougher stand. In December 1979 the NATO countries put forth their latest set of proposals. Although Western propaganda depicted them as a response to the entire complex and flexible program suggested by the socialist countries, they essentially nullified many of the agreements that had been reached after so much difficulty at the talks.

Of all the tangible ways of reducing military potential, NATO's December proposals envisaged only the reduction of Soviet and U.S. ground troops by 30,000 and 13,000 personnel respectively, without any reduction in weapons.

At the same time, the NATO states tried to impose an unwieldy system of related measures on the socialist states, envisaging strict control over the structure and daily activity of the socialist states' armed forces in the zone agreed upon during the preparatory consultations and beyond its boundaries--in Bulgaria, Hungary, Romania and a large part of the USSR. Furthermore, the United States and its NATO allies have refused to accept the clear and simple proposal that none of the direct participants increase their troop strength during the negotiation period.

In an attempt to somehow justify their negative position, the United States and its allies have made the reduction of Soviet and American troops conditional upon preliminary agreements on numerical troop strength. The entire "numerical problem" was artificially created by the United States and its allies. They have declined to explain the basis for their exaggerated estimates of socialist troop strength, have kept their methods of calculation secret and have refused to correct estimates even in those cases when the need for this is made obvious after discussions of numerical data.

Consequently, it is not the numbers that are the problem.

The position taken by the NATO countries at the Vienna talks was a diplomatic screen for their long-range weapon buildup plans, for which any agreement, even one of the slightest significance in the military respect, represents an indisputable threat. It was precisely this position that was the main reason for the difficulties encountered in the search for mutually acceptable solutions.

The energetic and persistent efforts of the Soviet Union and the countries of the socialist community in recent years have not only pointed the way to military detente and disarmament in Europe but have also led to certain positive advances in this direction. Obviously, many difficulties lie ahead. This is why it is exceptionally important for this process to continue developing consistently in the future. This will require the united efforts of all states pledging to take an active part in the promotion of detente in Europe.

The CREATION OF A ZONE OF PEACE IN THE MEDITERRANEAN BASIN is another urgent matter. The Mediterranean Sea, which bathes the shores of three continents--Europe, Asia and Africa--is an important part of the world and one in which the

interests of many states come into contact with one another. The present tension in this region is the result of many unresolved conflicts and the intense militarism of several states. The USSR, for which the Mediterranean is the approach to its southern boundaries, shares the desire of the more than 20 states in this region to live in peace and security and to make full use of the advantages of mutually beneficial cooperation.

In his speech of 9 June 1981, L. I. Brezhnev put forth a specific program of action in this area. It includes the extension of confidence-building measures that have already proved effective in international military relations to the Mediterranean region, the reduction of armed forces in this region, the withdrawal of ships carrying nuclear weapons from the Mediterranean Sea, the refusal to deploy nuclear weapons in the Mediterranean non-nuclear countries and the assumption of a commitment by the nuclear powers not to use nuclear weapons against any Mediterranean country that has not allowed such weapons to be deployed on its territory.⁵

The Soviet Union expects other interested states to respond to these proposals and is willing to consider other ideas on this matter. It is certain that the Mediterranean can and must be transformed from a region of military and political confrontation into a zone of lasting peace and cooperation. However, the United States, which has its Sixth Fleet in the Mediterranean, has been deaf to this suggestion.

In recent years the problem of STRENGTHENING SECURITY AND LOWERING THE LEVEL OF MILITARY TENSION IN THE INDIAN OCEAN has become quite urgent. Its shores are inhabited by people who have freed themselves of colonial domination. Their right to a peaceful life and their desire to concentrate efforts and resources for economic and social development have been threatened by the sharp increase in the military presence and military activity of the United States and some of its allies in the Indian Ocean, particularly the buildup of naval strength and establishment of military bases, including the largest multi-purpose U.S. military base on the island of Diego Garcia. The strategic "incorporation" of the Indian Ocean by the United States and its allies took on dimensions that were unprecedented for peacetime in summer 1979 and began to take on increasingly threatening dimensions after the NATO military planning committee decided in May 1981 to expand the joint actions of bloc members beyond the North Atlantic Pact's official zone of action.⁶

The attempts of the United States and its allies to use the need to guarantee the security of oil shipment routes passing through the Indian Ocean as grounds for the buildup of their military presence in this region and for the inclusion of this region in the ANZUS sphere of action and, in effect, the NATO sphere, are completely invalid. The safety of sea lanes can only be guaranteed by lowering, and not raising, the level of military confrontation and military activity on all sides. This is corroborated by the entire course of history.

The Soviet Union has consistently tried to relieve tension in the Indian Ocean, eradicate all signs of an arms race in this region and extend the process of detente to it. The USSR believes that this can be accomplished by turning the Indian Ocean basin into a zone of peace, as proposed by the littoral states and the UN declaration adopted on their initiative.

The transformation of the Indian Ocean into a zone of peace will first necessitate the liquidation of all existing foreign military bases here, the prohibition of the construction of new ones and the prevention of the practice of turning the Indian Ocean into a bridgehead for nuclear missiles and for imperialism's authoritarian behavior toward the inhabitants of this region.

In 1977 and 1978 the USSR conducted bilateral talks with the United States for this purpose. A certain level of agreement was reached on a number of questions, including the desirability of a sequential approach, beginning with an agreement not to increase Soviet and U.S. military presence in the Indian Ocean. In February 1978 the American side used a specious pretext to cut off these talks.

In response to a letter from an Australian organization promoting international co-operation and disarmament, L. I. Brezhnev had this to say: "The Soviet Union is prepared at any time to continue the talks with the United States on the limitation of military activity in the Indian Ocean, which were cut off, as usual, by the American side and were not resumed, in spite of the agreement reached on the summit level in Vienna in 1979."

The Soviet Union supports the UN decision to convene an international conference on the Indian Ocean no later than the first half of 1983 and regards it as an important step toward the transformation of the Indian Ocean into a zone of peace.

The United States, however, has objected to this conference. It would like the idea of a zone of peace in the Indian Ocean and the conference on its creation to be shelved so that it can embark on unimpeded strategic deployment in the Indian Ocean on a massive scale and on a permanent basis. The United States was able to subvert the UN decision to convene the conference before the end of 1981.

In addition to making all of the old allegations about "Soviet military infiltration" in the Indian Ocean, the United States has recently been implying that the threat to the security of the Indian Ocean countries comes not from the South, but from the North, from the Soviet Union and, in particular, from its troops in the Soviet Transcaucasian and Central Asian republics.

From the political standpoint, this variation on the myth of the "Soviet threat" represents an attempt to remove the stigma of militaristic action in the Indian Ocean from the United States and reassign it to the Soviet Union. From the military standpoint the allegations that Soviet troops on the territory of the USSR are threatening the security of Indian Ocean countries cannot stand up to any kind of criticism. The Soviet armed forces are on their own territory, even the ones in Central Asia and the Caucasus, and they have always been there, for the purpose of safeguarding the security of Soviet borders.

It is significant that no Indian Ocean country has ever regarded this as a threat to its security.

It is completely obvious that the United States is simply attempting to introduce new complications into the talks on the transformation of the Indian Ocean into a zone of peace.

The escalation of military tension in the Indian Ocean as a result of the presence of the U.S. naval armada in this region threatens the security of littoral countries and the Soviet Union. This lays a basis for Soviet cooperation with the Indian Ocean countries in the implementation of the nonaligned states' idea of turning the Indian Ocean into a zone of peace and convening a UN conference to draft an agreement on this zone.

The Soviet Union has repeatedly announced that it is ready and willing to engage in this kind of cooperation. This was reaffirmed in L. I. Brezhnev's message to the participants in the international conference of representatives of the peace-loving public, "A Zone of Peace in the Indian Ocean," which began in New Delhi on 23 April. The message said that the Soviet Union supports the proposals of the Indian Ocean countries on the transformation of this region into a zone of peace in the belief that their implementation could considerably improve the situation in this region.

The problem of strengthening security and relieving tension in the Indian Ocean is closely connected with the QUESTION OF SAFEGUARDING PEACE IN THE PERSIAN GULF--the part of the Indian Ocean where the situation is extremely tense.

Using the same specious pretext of safeguarding "vital interests," which were employed to build up military presence in the Indian Ocean, the U.S. military machine is energetically pushing its way into the Persian Gulf and plans to stay there a long time. These U.S. actions are part of a general plan to turn the Indian Ocean into an "American lake," surrounded on all sides by U.S. military bases, and to establish American control over the straits connecting it to other parts of the world ocean. The military infiltration of the Persian Gulf by the United States is against the wishes of the people of this region and poses the threat of dangerous military confrontations.

In line with its stand on the Indian Ocean in general, the USSR favors a lower level of military presence in the Persian Gulf and has proposed specific ways of stabilizing the situation in this region and guaranteeing the safety of sea lanes and other routes connecting this gulf with the rest of the world.

The Soviet Union has asked the United States, other Western powers, China, Japan and all states displaying an interest in this matter to agree on commitments that would eliminate the causes of tension and military danger in the Persian Gulf and has asked them to refrain from establishing military bases in the region, from threatening the use of force and from deploying nuclear or any other weapons of mass destruction here, and to respect the sovereignty of the states of this region and the nonaligned status they have chosen. It has also proposed a mutual pledge not to create any obstacles or threats to normal commercial exchange and the use of sea lanes connecting the states of this region with other countries.

The Soviet proposal to stabilize the situation in the Persian Gulf and the littoral countries' initiative regarding the creation of a zone of peace in the Indian Ocean will serve the same purpose. The implementation of the Soviet proposal on the Persian Gulf would contribute greatly to the transformation of the Indian Ocean into a zone of peace. At the same time, an agreement to safeguard peace and

security in the Persian Gulf zone could become part of the agreement on the zone of peace throughout the Indian Ocean region.

The USSR is prepared to go even further. As L. I. Brezhnev said in February 1982, the Soviet Union sees no reason not to extend measures similar to those proposed for the Indian Ocean TO THE PACIFIC OCEAN AS WELL.⁸

The Soviet initiatives have won widespread support in the world. The United States, however, is impeding their implementation.

The implementation of these initiatives could mark the beginning of the extremely important process of the reduction of military presence in various parts of the WORLD OCEAN for the purpose of TRANSFORMING MOST OF IT INTO A ZONE OF PEACE within the near future. This problem is becoming increasingly urgent in connection with the declared intention of militaristic groups to achieve superiority in the area of naval weapons.

In his speech at the 17th congress of trade unions of the USSR on 16 March 1982, L. I. Brezhnev suggested an agreement on the mutual restriction of naval actions.⁹ In particular, he proposed the withdrawal of the nuclear submarines of both sides from their present vast military patrol regions and their confinement to mutually designated boundaries. The Soviet Union simultaneously announced its willingness to discuss the extension of confidence-building measures to the seas and oceans, particularly in the zones of the most lively shipping.

The Soviet Union--and this was announced at the 26th CPSU Congress--supports the idea of creating a ZONE OF PEACE IN SOUTHEAST ASIA AS WELL, suggested by the countries of this region. The USSR has announced that if other permanent members of the UN Security Council--the United States, England, France and the PRC--should display the same willingness, it will participate in an international conference which, as Vietnam, Laos and Kampuchea have proposed, could be convened after the conclusion of an agreement on peace and stability in Southeast Asia between the Indochinese countries and the ASEAN countries for the purpose of recognizing and guaranteeing this treaty. The transformation of Southeast Asia into a zone of peace would effectively safeguard the security and sovereign rights of the inhabitants of this region and would make a significant contribution to the consolidation of peace and stability in Asia and beyond its boundaries. Beijing, however, is not pleased with this idea. The hegemonistic ambitions of the Chinese leaders, with the conniving support of the United States, are keeping the people of Indochina from living in peace.

As for the FAR EAST, where such large states as the USSR, China and Japan are neighbors and American military bases are present, the Soviet Union proposes that all interested countries negotiate confidence-building measures. In the Far East, as the accountability report of the CPSU Central Committee to the 26th Party Congress noted, "the planning and application of confidence-building measures--with consideration, of course, for its distinctive features--might not only relieve local tension but also be extremely beneficial in strengthening the foundations of world peace."¹⁰

These measures could be taken on a collective or bilateral basis. In particular, the USSR has persistently tried to establish reliable relations of friendship, mutually beneficial cooperation and mutual trust with Japan, as L. I. Brezhnev reminded his audience when he spoke in Tashkent on 24 March 1982: "Our proposal on confidence-building measures in the Far East does not necessarily presuppose immediate collective action by all countries in this region. The journey along this road could be started on a bilateral basis--for example, by the USSR and Japan."¹¹

The reinforcement of mutual trust between states has been described as something of tremendous, inestimable value by L. I. Brezhnev. To a significant extent, it gives all sides a stronger sense of security.

The Soviet Union has taken an active and enterprising stand with regard to the creation of zones of peace in various regions. The value of the Soviet initiatives consists in the fact that they consider the interests of countries located directly in these regions, point out ways of strengthening peace in these regions and indicate reasonable solutions to stabilize the situation, prevent crises and declare certain regions zones of peace.

The Soviet Union has expressed its views--reasonable and peaceful views which have met with public approval. Now the West must respond.

FOOTNOTES

1. The NATO decision on the production and deployment of new American medium-range missiles in Western Europe was adopted at a special session of the NATO Council in Brussels on 12 December 1979. The deployment of the new missiles is to begin in 1983. Plans call for the deployment of 108 Pershing-2 missiles (with a range of 2,500 kilometers) in the FRG and 464 land-based Tomahawk cruise missiles (with a range of 2,400-2,500 kilometers) in the FRG, England, Italy, Belgium and Holland. The deployment should be completed in 1989.
2. See "Organizatsiya Varshavskogo Dogovora. Dokumenty i materialy 1955-1980" [The Warsaw Pact Organization. Documents and papers, 1955-1980], Moscow, 1980, p 260.
3. For a more detailed discussion, see the article by I. N. Shcherbakov in the next issue of the magazine--Editor's note.
4. "Materialy XXVI s'yezda KPSS" [Materials of the 26th CPSU Congress], Moscow, 1981, p 27.
5. PRAVDA, 10 June 1981.
6. For a more detailed discussion, see V. P. Kozin, "The Build Up of American Military Presence in the Indian Ocean," SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA, No 1, 1982--Editor's note.
7. PRAVDA, 25 February 1982.

8. Ibid.
9. Ibid., 17 March 1982.
10. "Materialy XXVI s'yezda KPSS," pp 28-29.
11. PRAVDA, 25 March 1982.

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IMPACT OF FOREIGN CAPITAL ON U.S. ECONOMY

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 7, Jul 82 (signed to press 15 Jun 82) pp 19-29

[Article by Yu. V. Adzhubey]

[Text] The intensive growth of capitalist imports and broader scales of foreign monopoly activity in the United States in the 1970's and early 1980's represent one of the most important changes in the sphere of capital exports. "Japanese and Western European monopolies," the accountability report of the CPSU Central Committee to the 26th Party Congress noted, "are competing more successfully with American capital, including the competition in the U.S. domestic market."¹

The balance value of foreign direct capital investments totaled 65.5 billion dollars by the beginning of 1981.² By 1977 affiliates³ of foreign companies already accounted for 2.6 percent of the U.S. gross domestic product (2.2 percent in 1974).⁴

The growth of U.S. capital imports in the 1970's and early 1980's was promoted by a group of factors, particularly the slower increase in manpower outlays than in other capitalist states, the better (relative) supply of raw material and energy resources, the prolonged decline in the exchange rate of the dollar and the relatively more stable political situation in the United States in comparison to Western Europe. All of this could only play a stimulating role in combination with an exceedingly important factor--the increasing number and size of large companies in the developed capitalist countries, especially in Western Europe and Japan, and the growth of their financial, productive and technological strength. The absence of federal limitations on imports of capital and the stimulation of these imports by state and local governments played an important role.

The factors stimulating and accelerating the penetration of the U.S. economy by foreign companies are the subject of special analysis. The purpose of this article is to examine another side of the problem of capital imports, mainly the basic directions and nature of the influence of the activities of these companies on economic processes in the United States. These are not reflected at all in the proportions accounted for by foreign capital in various microeconomic indicators. The distinctive features of the activities of foreign firms in the United States and the differences between their economic indicators and the indicators of purely American firms must be analyzed. The author of this article has confined

himself primarily to the sphere of industry. Naturally, this article does not elucidate all of the aspects of the multifaceted problem of the influence of foreign capital on the U.S. economy, which has never been examined in detail in our literature. The author will simply attempt to single out the most important features, bearing in mind the fact that many of the topics discussed in the article will require further analysis.

Despite the increasing number of American publications on the activities of foreign capital in the United States, available information is extremely inadequate. It was not until the second half of the 1970's that U.S. statistical agencies began the systematic collection and processing of information about the economic indicators of foreign companies in the U.S. economy. Furthermore, published data for various years are largely incomparable because recording methods have not been standardized. The period covered by comparable statistical data (1977-1979) is not long enough for an analysis of the dynamics of this influence.

This is why the author has based most of his calculations on the latest (1979) sample survey of companies under foreign control,⁵ including all firms (with the exception of banks) with total assets, sales or net income exceeding 5 million dollars or with more than 200 acres of land. In the mid-1970's these companies accounted for 92.9 percent of the employees, 93.5 percent of the assets and 96.2 percent of the sales of foreign companies in the United States.⁶ Data on these companies therefore seemed representative enough for an analysis of the activities of all foreign investors.

Production Efficiency. Research. Growth Rates

The penetration of a foreign market by a firm is made possible by its superiority to local competitors and is connected with its ability to accumulate large financial reserves, a higher scientific and technical level, particularly in the field of technology, a superior organization of production and administration, the use of past experience in sales, economical scales of activity, etc. The use of these advantages gives large international concerns a higher and more stable profit norm in general than other firms. This does not mean, however, that each link of the multinational production and sales complex uses each type of resource more efficiently than companies in the host country. Specific indicators of efficiency depend on many factors (the relative competitive potential of foreign and national firms, the stage of economic penetration by foreign investors, local customs duties and tax laws, etc.)

First we will examine the correlation between total sales volumes per employee⁷ in foreign and local enterprises. In U.S. industry this indicator was 36 percent higher for foreign firms than for national ones in 1979. The correlation differed from one branch to another. In the petroleum industry the indicator for foreign companies was 7.2 percent lower than for national ones, in the chemical industry it was 39.9 percent lower and in the food industry it was 35.6 percent lower. In the processing industry as a whole, however, sales per employee were 9.7 percent higher for foreign companies than for national ones. It was 8.8 percent higher in science-intensive industries.⁸ It was significantly higher in engineering branches (21.22 percent), which compensated to some degree for the lower level of foreign firms in the chemical industry.⁹

Due to significant differences in the sectorial structure of production areas (the proportion accounted for various branches) under foreign and under national control, the correlation of industrywide indicators does not reveal the state of affairs in individual areas. The activities of foreign firms could be concentrated in a small group of branches with a high level of sales per employee while the indicator could be much lower than the indicator of local companies in the majority of production fields. To eliminate the influence of this kind of concentration, let us assume that the sectorial structure of production expenditures at foreign enterprises, signifying the number of employees in this specific case, is identical to the sectorial structure of expenditures in national firms, and let us calculate the hypothetical average sales volume per employee in foreign companies under this condition. A comparison of the hypothetical correlation between indicators of foreign and local companies to the actual correlation demonstrates the role played by differences in the sectorial structure of production areas under foreign and under national control. Calculations indicate that, in contrast to American producers, foreign firms are concentrated more in branches with relatively high indicators of sales volume per employee. This factor is responsible for 85 percent of the overall advantage of foreign investors (36 percent). Consequently, if structural differences are taken into account, their advantage over local companies in terms of the efficient use of manpower is only 5.4 percent on the average in industry ($100\% - 85\% = 15\%$; 15% of $36 = 5.4\%$). At the same time, in some branches (mining, the pulp and paper industry and general and electrical engineering, including electronics) the advantage is significant (20-30 percent).

Now let us look at the efficiency with which foreign firms use fixed capital. We will use the ratio of sales to the total (initial) value of fixed capital as an indicator of the return on capital. In industry as a whole the return on fixed capital at enterprises of foreign firms was only equivalent to 70.6 percent of the level of local companies, and in the processing industry the figure was 87.3 percent. In some branches, however, the indicator for foreign investors was higher than for national ones: 57.1 percent higher in general machine building, 39 percent higher in electrical engineering and the electronics industry and 7.8 percent higher in metallurgy. In all other branches, including such capital-intensive ones as the extractive industry and petroleum production, the indicator for foreign companies was lower.

Differences in the sectorial structure also played an extremely significant role in the correlation of the return on capital (70.6 percent). They were responsible for 68 percent of the lower efficiency level of foreign firms in industry as a whole and 85 percent in the processing industry. Consequently, with a view to the differences in the sectorial structure, the overall return on capital at enterprises of foreign investors was lower than that of local firms by an average of 9.4 percent in industry ($100\% - 68\% = 32\%$; $100\% - 70.6\% = 29.4\%$, 32% of $29.4\% = 9.4\%$).¹⁰

Therefore, in comparison to local producers, foreign corporations in the United States use manpower more efficiently (by 5.6 percent) but are lagging behind local competitors in terms of the productivity of embodied labor--or, more precisely, its most important element: fixed capital.

The efficiency indicators of foreign and national enterprises differ less in the United States than in other developed capitalist countries, where the former generally have a significant advantage in terms of efficiency.¹¹ Foreign

corporations in the U.S. domestic market must deal with the strongest monopolies in the capitalist world, whose strength is based on the advantages of large-scale production within the United States and quite often also within the framework of regional and even worldwide systems of affiliate enterprises. Of course, these general statements need clarification, which presupposes the further analysis of factors affecting the correlation of efficiency indicators.

How do the indicators of production units under foreign control affect U.S. industry?

Since foreign companies use manpower more efficiently than American ones, they contribute to a relative decrease in the demand for labor in U.S. industry and thereby, all other conditions being equal, contribute to the growth of unemployment. Since foreign firms have a lower return on capital or, in other words, are more capital-intensive than local firms, they increase the demand for fixed capital and bring about a relative increase in the capital requirements of U.S. industry--in other words, they tend to decrease its overall efficiency.¹²

Foreign companies also influence U.S. scientific and technical potential. The most significant element of this influence is their research activity. In 1978 (more recent data are not available as yet) foreign enterprises accounted for 4.8 percent of all research and development expenditures in the private sector of U.S. industry. They accounted for 3.2 percent if government expenditures are taken into account.¹³ The corresponding figures for the processing industry were 4.4 and 2.9 percent. Foreign industrial research and development expenditures in the United States are concentrated in a limited group of branches. Suffice it to say that the chemical industry absorbs 52.8 percent of all allocations, and the total share of science-intensive branches (excluding instrument building) is 71 percent. In the case of national companies, on the other hand, these branches account for no more than 50 percent of all research expenditures.

In some production areas the expenditures of foreign firms on research represent a sizable portion of total expenditures on research and development in the private sector (excluding government expenditures) of the U.S. economy. For example, in that same year they accounted for 17.4 percent in the chemical industry, 16.4 percent in the petroleum industry and 9 percent in the food industry.

The growth of research and development in foreign companies in the U.S. processing industry is dictated primarily by the need to adapt products to local climatic and geographic conditions and the tastes, habits and attitudes of consumers. These companies must also allocate large sums for the testing of chemical products and pharmaceutical compounds for toxicity from the standpoint of environmental protection and human health in connection with U.S. legal standards which are often stricter than the standards in other countries. It is therefore not surprising that in chemical branches where the proportion accounted for by foreign investors is particularly high, the intensity of research (ratio of research and development expenditures to sales) is much higher in foreign companies than in American firms. This is also true of the food and metal working industries. In most branches, however, the ratio of research and development expenditures to total sales is much lower in companies under foreign control than in local firms. In 1978 it was equivalent to 47-50 percent of the indicator of national firms in machine building and 50-60 percent of this indicator in other branches.¹⁴

Therefore, research by foreign companies in U.S. industry is still less intensive than research by national firms. Apparently, this is characteristic of the initial stages of the penetration of a foreign economy by international corporations, when the volume of their share of the market is still inadequate for profitable research and development on the local level.

Soviet authors have correctly noted that foreign branches are often established in the United States for the purpose of acquiring the latest scientific and technical information and technological experience.¹⁵ This is true, but the process of technological exchange is a reciprocal one. According to a study by experts in the U.S. Department of Commerce, for example, the increased penetration of the U.S. economy by Western European and Japanese monopolies has been accompanied by the incorporation of the more efficient technological designs and new products they have brought into this economy. The influence of foreign corporations has been particularly noticeable in pharmaceuticals (a number of new tranquilizers and drugs used in the treatment of asthma and hypertension) and the production of automated control systems, medical equipment, technical construction equipment and woodworking equipment. The Western European companies in the U.S. extractive industry use their own methods of coal mining, which are better than American methods, and European firms in metallurgy use their own aluminum smelting methods.¹⁶

It is a popular belief among bourgeois economists that imports of capital accelerate economic growth rates in the host country. "The enterprises of a multinational company...usually grow more quickly...than other firms in the country where they are located."¹⁷ In connection with this, we should first mention that in branches with relatively favorable conditions for the activities of foreign corporations, their mass infiltration of the economy can theoretically be accomplished even in a market with a relatively slow growth rate and even a market with an unchanging capacity. This was particularly characteristic of the 1970's, at which time the general deterioration of the conditions of reproduction and the exacerbation of structural crises in the world capitalist economy intensified the competition among the monopolies of the United States and other leading capitalist countries.

On the other hand, even if foreign companies in a particular country increase their turnover more quickly than local firms, the influence of this factor on overall economic growth rates will depend on these companies' share of production. In the United States, where the share of production under foreign control is relatively small, it is extremely difficult to determine its exact influence on economic dynamics.

A comparison of the average annual rates of production growth in branches of American industry between 1971 and 1979 with the proportion accounted for by foreign firms in total sales proves that there is no direct or indirect connection between the degree of foreign control and the rates of production growth in various branches.¹⁸ Therefore, we can assume that foreign companies in the U.S. economy are crowding competitors out of the slowly (in comparison to the 1950's and 1960's) expanding market but are not having any clear effect on its growth rates. The possibility of the further investigation of this important matter will depend on the publication of more extensive statistics.

Regional Development

The territorial distribution of foreign enterprises in the United States differs noticeably from the geographic structure of the American economy as a whole. Labor statistics on the distribution of these enterprises in the non-banking branches in 1979 indicate that the activities of foreign affiliates are concentrated primarily in the Mideast and Southeast, as well as in New England and the Great Lakes, although the proportion accounted for by these two regions has decreased somewhat in recent years (this kind of concentration means that the percentage of people employed at foreign enterprises in these regions in relation to the total number of people employed at foreign enterprises in the United States is higher than the same indicator for purely American companies). This is where the interests of virtually all of the large industrial, trade and banking monopolies of the Western European countries and Canada are represented. Foreign investments are quite sizable in Texas, less sizable in other southwestern states and the Grand Canyon region and negligible in the Rocky Mountains states (Colorado, Idaho, Montana, Utah and Wyoming). Strong centers of foreign capital took shape in the 1970's on the West Coast, especially in California, as well as in Hawaii and Alaska.

Western economists believe that one of the main positive consequences of the import of capital is its promotion of the development of depressed areas. They generally assume that foreign capital fills a "vacuum" in these places, making up for the lack of national resources. This assumption is correct in some cases, especially in the case of the developing countries and in the case of developed capitalist states during periods of radical economic reorganization, postwar reconstruction and so forth. It seems unrealistic, however, in relation to the present stage of the economic development of the United States and the other main capitalist countries, where the import of capital is combined with a large "surplus" exported by monopolies in the race for higher profits. Foreign investors actually promote the quicker development of backward and depressed regions only if they concentrate their activity, employ more people and spend more money in these regions than national firms. Only this influence, if it indeed exists, is the tangible "contribution" of foreign capital to regional development.

A few simple calculations can give us a fairly accurate quantitative measure of the influence of imported capital on the ratio of employed to unemployed in regions of high unemployment--New England, the Mideast, the Great Lakes, the West Coast, Alaska, Hawaii and Puerto Rico.²⁰ This necessitates the calculation of the hypothetical employment in these regions if the territorial distribution of employment at foreign enterprises were identical to the geographic structure of employment at purely American enterprises. A comparison of this hypothetical number to the actual one indicates that in 1979 only 63,000 people (1.7 percent of all of the unemployed people in these six regions) owed their jobs to the higher²¹ concentration of foreign capital in these regions in comparison to American firms. On the other hand, the West Coast, Great Lakes and Puerto Rico have been "ignored" by foreign capital: The proportion accounted for by workers and employees of foreign firms in these zones in the total number of persons employed at foreign enterprises in the U.S. economy is lower than the proportion in American companies. This proves that international corporations do not always help to correct regional imbalances. Their activity depends on factors which have no direct connection with

the development needs of backward and depressed regions. The motives for the territorial distribution of production units under foreign control in the United States are the existence of the necessary energy and raw material resources (mainly in Alaska and Texas), cheap manpower (the southeastern states), access to convenient ocean ports and the encouragement received from state and local governments.

In a number of cases a slight augmentation of the number of jobs by foreign capital has not signified the redistribution of economic activity from highly developed regions to backward ones. As unemployment acquires a structural nature and the contradictions between the quantitative and qualitative characteristics of job vacancies and the supply of manpower become more acute, the number of unemployed rises in regions that were once considered to be fortunate in this respect. In the United States, no region with a lower (in comparison to the national average) per capita income (if we borrow this American indicator)--the states of the Grand Canyon, Southeast, Southwest and Rocky Mountains²²--has a rate of unemployment that is higher than the national average. Conversely, in regions with a particularly large reserve army of labor this indicator is higher than the national average.²³ Since these criteria of "economic health" no longer coincide, there is no basis for the accurate determination of the influence of foreign capital on regional development. In comparison to local capital, it has increased employment slightly in regions of high unemployment but it has also redistributed production in favor of highly developed zones at the cost of backward ones.

In summation, we can say that the import of capital has contributed to a slight reduction in unemployment in the particular regions where the rate is higher than the average. This did not result, however, in a relative increase in jobs in all depressed regions. Foreign firms concentrate their production in fairly developed economic zones, where the unemployment is often due not to a shortage of job vacancies, but to structural disparities between manpower supply and demand.

Foreign Trade

The effect of foreign investors on foreign trade is colored by the peculiarities of the structure of their imports and exports, the role of their overseas sales and purchases in local production and the tendencies toward the development of intracorporate division of labor.

In 1979 companies under foreign control accounted for 24.1 percent of all U.S. commercial exports. More than four-fifths of this figure, however, can be categorized as large resale operations, in which branches in the United States serve as the purchasing offices of the head companies overseas. These operations are recorded as "wholesale trade" in U.S. statistics and do not reflect the actual role of the foreign trade exchange of these branches in production. Foreign enterprises accounted for only 5.3 percent of exports of manufactured goods and 4.4 percent of exports of items from the processing industry. These figures are slightly lower than the proportions accounted for by foreign investors in production (6.5 percent and 4.9 percent of total sales respectively).²⁴

The products of the extractive industry and petroleum industry represent a sizable share of the commercial exports of foreign industrial companies (9.3 percent and 13.8 percent), considerably exceeding the indicators of local firms (5.6 percent

combined). On the other hand, branches of foreign corporations are distinguished by slightly smaller relative volumes than national firms of exports of technologically complex items (products of the chemical industry and machine building)--38.9 percent and 42.3 percent respectively. Therefore, foreign companies in the United States are more likely than American firms to be geared to the export of products of the extractive and energy branches and to the export of semiprocessed products from the processing industry.

This is corroborated by the correlation of sectorial export quotas: The industry-wide figure is 6.5 percent for companies controlled by foreign capital and 8 percent for companies controlled by national capital. In the extractive industry and petroleum production, the percentage of exported products is slightly higher for the first group than for the second. This is apparently connected with the attempts of branches of foreign monopolies to supply their head companies with the necessary raw materials. This is also confirmed by the fact that intraorganizational deliveries account for a much higher percentage of total exports in the petroleum industry than in other branches (60.8 percent in comparison to an industrywide average of 32.8 percent). From this standpoint, the United States does not differ in any way from other countries where raw material monopolies have invested capital in the hope of appropriating the natural resources of other countries.

In the processing industry export products represent 7.8 percent of total sales for foreign companies and 8.9 percent for national firms. In metallurgy, metal working, the food industry and electrical engineering (including electronics), however, the export quotas of foreign firms are higher than those of local ones. In all other branches of the processing industry the correlation is the opposite. For example, in general machine building and the chemical industry the export quota of the enterprises of overseas investors is equivalent to only 55-65 percent of the figure for national firms.

Intraorganizational deliveries account for a much higher percentage of the exports of foreign firms in the processing branches than in the extractive industry (31.7 percent on the average). At the end of the 1970's, these deliveries accounted for only 1.4 percent of the total commodity exports of the American processing industry. Consequently, the influence of the "internationality" of these firms on production in this sector of the U.S. economy is negligible.

Therefore, foreign companies are more likely than purely American ones to export the products of extractive and primary processing branches. On the other hand, they are much less "inclined" to export highly processed products than purely national enterprises. According to the author's calculations, the fact that foreign firms are less geared than national companies to the export market (with a view to structural and intrasectorial factors) brings about a potential loss of around 0.6 percent of total exports in the American processing industry. Furthermore, in the science-intensive branches of this sphere of the economy, the losses are much greater (1.3 percent of actual total exports).

On the other hand, import purchases play a much greater role in the production of foreign companies than in the case of their local competitors. For example, in 1979 the firms controlled by foreign capital accounted for 8.9 percent of all U.S.

industrial imports and 7.1 percent of the imports of companies in the processing industry,²⁵ which exceeds their share of production. Petroleum and petroleum products accounted for 44.4 percent of the imports of foreign firms and articles from the processing industry accounted for only 54.7 percent. In a number of branches, purchases by foreign corporations abroad represent a sizable share of total imports in the U.S. economy: 17.3 percent in the chemical industry (including a figure of 34.8 percent in the pharmaceutical industry), 20.9 percent in electrical engineering and electronics and 11.8 percent in metal smelting and processing. In all of these branches the foreign companies' share of U.S. imports considerably (from 1.5 to 3 times) exceeds their share of production.

In the extractive industry and the petroleum industry the ratio of imports to sales figures is slightly lower for foreign firms than for national ones or approximately the same for both. In the processing industry, on the other hand, the tendency of companies controlled by foreign capital to emphasize imports is much stronger: Imports accounted for 12.4 percent of their sales in 1979, while the figure for American corporations was 8.4 percent. This tendency was particularly clear in branches of general machine building (with respective indicators of 22.3 and 13.2 percent), electrical engineering and electronics (17.8 and 5.1 percent) and, in recent years, in the group of metallurgical and metal working production areas (15.6 and 5.6 percent).

Intracorporate deliveries play a much more important role in the imports of foreign firms than in their exports. They accounted for 54.7 percent of all their imports in industry in 1979 and 77.6 percent in the processing industry, or 4.8 percent and 5.5 percent respectively of total U.S. imports in these sectors of the economy. These overseas purchases are particularly evident in structurally and technologically complex branches, where they represent an important element of the excess of foreign imports over exports.

The broader scales of intracorporate imports in machine building are largely due to the absence of ties with local suppliers during the first stage of the penetration of the domestic market by foreign firms. For example, when Volkswagen began to produce its "Rabitt" model in Pennsylvania at the end of the 1970's, it was a long time before it could find subcontractors capable of supplying it with high-quality engines and gear-boxes. This was the reason for the American affiliate's high percentage of purchases from the head company in the FRG, which now accounts for 50 percent of all its purchases and will only decrease to 25 percent in the future.²⁶ In a similar case, a branch of the Japanese Nissan Motor Company will be importing more than 60 percent (in terms of cost) of the parts and components it needs to produce light-weight trucks in the United States after this production begins in 1983.²⁷

On the whole, the influence of foreign investors on the volume and structure of U.S. imports is significant in quantitative terms. Calculations indicate that the high ratio of imports to total sales in companies controlled by foreign capital in 1979 accounted for 2.3 percent of all imports in the U.S. processing industry. The foreign trade balance of foreign companies in U.S. industry as a whole in 1979 was equivalent to a deficit of 9.7 billion dollars, or one-fifth of the total negative balance of U.S. foreign trade in manufactured goods. This proportion is

much greater than the proportion accounted for by foreign firms in U.S. production and foreign trade turnover.

The activities of the affiliates of international corporations in America are reducing the U.S. positive balance in foreign trade in science-intensive products. Whereas the United States had a positive balance equivalent to 27.2 percent of the turnover in 1979, corporations controlled by foreign capital had a deficit of 15.4 percent. This deficit was equivalent to 4.2 percent of the U.S. positive balance in the trade in science-intensive items. Therefore, the import of capital and the activities of foreign international monopolies have a negative effect on U.S. foreign trade positions, contributing to the further deterioration of its overall position in the world economy.

In summation, it can be said that the dramatic expansion of the scales of foreign monopoly activity in the U.S. economy is having a noticeable effect on several basic economic parameters. As a result, the economic interaction of the United States with other imperialist countries is growing more intensive, is creating several new problems for the American economy, is giving rise to new conflicts and is exacerbating old ones. In addition to all this, the United States' Western European and Japanese rivals have acquired a way of establishing a counterbalance to the strong positions of American multinational corporations in certain regions. Of course, U.S. ruling circles will continue to use the overseas enterprises of American monopolies in the interest of their own foreign and domestic policy. But they will have to pay more attention to the reactions of their partner-rivals.

Therefore, foreign-controlled production units in the U.S. economy and the exacerbation of conflicts connected with this are objectively heightening the interest of government bodies in the coordination of economic policy with other capitalist states, particularly with regard to multinational corporate activities.

In the future the growth of capital imports and of the influence of foreign monopolies in the U.S. economy could become another factor determining the balance of forces among the three centers of imperialist competition and exacerbating the conflicts between them.

FOOTNOTES

1. "Materialy XXVI s'yezda KPSS" [Materials of the 26th CPSU Congress], Moscow, 1981, p 20.
2. Detailed statistics on foreign investments in the United States will be published in the next issue of the magazine--Editor's note.
3. In U.S. statistics an enterprise controlled by a foreign company (direct investments) is one in which 10 percent or more of its stock belongs to this company.
4. SURVEY OF CURRENT BUSINESS, August 1980, p 38; August 1981, p 56; "The Operations of Federal Agencies in Monitoring, Reporting On and Analyzing Foreign Investments in the United States. Hearings before a Subcommittee of the

Committee on Government Operations. House of Representatives, 96th Congress, 1st Session, July 30, 1979," Washington, 1979, Pt 3, p 61.

5. SURVEY OF CURRENT BUSINESS, May 1981, pp 35-52 et passim.
6. Ibid., July 1980, p 32.
7. This indicator reflects, on the one hand, the output or productivity of live labor and, on the other, the effectiveness of sales and merchandising. It is widely used to measure the activities of foreign companies, and the correlation between figures for foreign and national enterprises indicates the degree of difference in the effectiveness of manpower utilization during the entire "production-sale" cycle.
8. They consist (in the double-digit system of industrial classification) of the chemical industry, electronics and electrical engineering, general machine building and instrument building. In these branches the percentage accounted for by research and development expenditures in sales is higher than the average for the processing industry. In this case, only the first three branches are taken into account.
9. Calculated according to: SURVEY OF CURRENT BUSINESS, May 1981, pp 44, 46-49, S-4; SURVEY OF CURRENT BUSINESS. National Income and Product Accounts 1976-1979. Special Supplement, July 1981, p 53.
10. "Quarterly Financial Report for Manufacturing, Mining and Trade Corporations," First Quarter 1980, pp 18-42, 72-81; SURVEY OF CURRENT BUSINESS, July 1980, pp 35-41.
11. For example, when differences in the sectorial structure are taken into account, the advantage of foreign firms over national ones in terms of sales volume per employee in industry in 1977 was 35.6 percent in the FRG, 20.4 percent in France, 48.7 percent in Great Britain (processing industry) and 20.4 percent in Canada (processing industry, 1972). Calculations are based on the national statistics of these countries.
12. Foreign investments affect the economy of the host country indirectly as well as directly. This is not discussed in the article.
13. The scales of government allocations for research in companies controlled by foreign capital are unknown.
14. Calculated according to the sources listed in footnote 9 and "NSF. National Patterns of Science and Technology Resources, 1980," Washington, 1980, pp 43-45.
15. See, for example, Yu. I. Yudanov, "Eksport kapitala iz Zapadnoy Yevropy" [Exports of Capital from Western Europe], Moscow, 1980, pp 111-112; I. Ye. Artem'yev, "Amerikanskiy kapitalizm i peredacha tekhnologii" [American Capitalism and the Transfer of Technology], Moscow, 1980, pp 73-181.

16. For more details, see "Foreign Direct Investment in the United States. Report to the Congress," U.S. Department of Commerce, Washington, 1976, Vol 3, pp 5-59.
17. R. Vernon, "Storm Over the Multinationals. The Real Issues," Cambridge (Mass.), 1977, p 114. See also: J. Dunning, "Studies in International Investment," London, 1971, p 5; E. Schmill, "Les Investissements etrangers en France," Paris, 1966, p 69; H. Gray, "International Trade Investment and Payments," Boston, 1979, p 387, etc.
18. The author obtained similar results when he analyzed the indicators for the same period in all other leading capitalist countries.
19. According to the classification system of the Bureau of Economic Analysis of the U.S. Department of Commerce, the Mideast takes in the states of Delaware, Maryland, New Jersey, New York and Pennsylvania and the federal district of Columbia.
20. The average rate of unemployment for these regions in 1979 was 6.7 percent when the national average was 5.9 percent.
21. Calculated according to: SURVEY OF CURRENT BUSINESS, May 1981, p 39; "Employment and Training Report of the President Transmitted to the Congress," Washington, 1980, pp 321, 324, 325.
22. SURVEY OF CURRENT BUSINESS, April 1981, p 40. There are no data for Puerto Rico.
23. Calculated according to the sources listed in footnote 21.
24. All calculations in this section were made with the aid of the sources listed in footnote 9 and SURVEY OF CURRENT BUSINESS, July 1980, pp 35-41.
25. If import purchases recorded as "wholesale trade" in statistics are taken into account, the figure rises to 28.8 percent.
26. THE NEW YORK TIMES, 27 May 1979.
27. THE WALL STREET JOURNAL, 31 October 1980.

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REAGAN REACTION AGAINST ROOSEVELT LEGACY EXAMINED

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 7, Jul 82 (signed to press 15 Jun 82) pp 55-59

[Article by V. O. Pechatnov: "Through the Prism of the Roosevelt Jubilee"]

[Text] Judging by the American calendar of memorable dates, this should be the "year of F. D. Roosevelt": 30 January 1982 marked the centennial of his birth,* and in November it will be 50 years since the famous "100 days" that marked the beginning of the "New Deal." Roosevelt's term in the White House was the longest and most eventful American presidency and became an entire era in U.S. history. It also made a perceptible positive contribution to the history of international relations. It is not surprising that the Roosevelt centennial has had international repercussions. The Soviet public has not forgotten him either.

But how has the centennial been celebrated in Roosevelt's own country?

In summer 1981, Peter Kovler, a young businessman and a big fan of F. D. Roosevelt, decided to learn how the country was preparing to commemorate this important date. His impression was that...there would be no celebration. "The fact that 1982 will be the centennial of Roosevelt's birth was not remembered anywhere," he later said, "not at Harvard University (where Roosevelt was educated), not in the Smithsonian Institute (the depository of U.S. history), not even in the Democratic Party. The only exception was his children and a small group of people at Hofstra University (Hampstead, New York), "where, incidentally, some of the teachers who were Roosevelt's fans decided to organize a scientific conference on Roosevelt's achievements and legacy. A man of action, P. Kovler founded and headed the National FDR Centennial Committee and organized the collection of financial contributions and preparations for the appropriate measures. With the support of the public, he was able to "persuade" Congress to allocate 200,000 dollars for the organization of some centennial exhibits in Washington and another 25,000 for a commemorative session of both houses of Congress. In this way, P. Kovler became, as Congressman J. Bingham put it, the "main prerequisite" for the entire Roosevelt centennial.

Through the efforts of P. Kovler and other fans of F. Roosevelt, centennial festivities were also organized on the local level: public meetings, concerts, exhibits and film retrospectives were held in 12 states. Roosevelt was the subject

* For more about F. Roosevelt's life and legacy, see the article by N. V. Sivachev in issue No 1 for 1982.

of a special 3-hour program on one of the leading television networks, the ABC Company. Newspaper and magazine articles commemorated Roosevelt. These days also had their fill of emotional moments: The laying of wreaths on Roosevelt's grave in Hyde Park (New York), where hundreds of American people gathered in spite of the inclement weather; a charity luncheon was organized in Washington by F. Roosevelt's creation--the Birth Defects Foundation--which, according to the NEW YORK TIMES, "was not graced by the presence of a single representative of the establishment," but which was attended by the last surviving friends and colleagues of the late president. Another noteworthy feature was the uplifting atmosphere of the scientific conference on "FDR, the Man, the Myth, the Era" at Hofstra University, which the author of this article had the good fortune to attend. There was also a distressing event: A week before the centennial a fire broke out in the building that had been the Roosevelt family mansion for 150 years and is now the Hyde Park Museum, destroying almost the entire top floor, including the room in which Roosevelt was born; fortunately, most of the furniture and valuable exhibits were unharmed.

In general, the festivities, which were mainly financed by the public, appeared more than modest, particularly in light of the traditionally pompous celebrations and ceremonies that are generally organized on such occasions (we should recall that in 1974 the U.S. Congress, which was so economical when it came to the Roosevelt centennial, willingly allocated 7 million dollars for the celebration of the centennial of the birth of his infamous predecessor Herbert Hoover). Besides this, for more than a quarter of a century a special congressional commission has been unable to make a decision on a Roosevelt memorial in Washington; in the U.S. capital, which is filled with statues of long-forgotten individuals, there is no Roosevelt monument.

The official part of the centennial consisted, in addition to the abovementioned, in the issuance of a commemorative stamp and in a White House reception, which one of F. D. Roosevelt's sons, Elliott, refused to attend as a sign of protest against Ronald Reagan's policy, which had "nullified" Roosevelt's program.

Why is official Washington trying to turn an outstanding and popular 20-century American president into a "forgotten man"?

The exacerbation of domestic and foreign problems and the futility of "traditional" solutions have aroused widespread dissatisfaction among Americans and have led to demoralization and confusion even in ruling circles. The most conservative segment of the nation's political elite, skillfully taking advantage of the public mood (disillusionment and frustration resulting from a realization of the futility of widely publicized promises, the desire for "simple solutions" and the search for "scapegoats"), launched a massive attack on traditional liberalism, which has been the dominant force in politics since the time of the "New Deal." The cost of setting up a "welfare state" within the nation and "communist expansion everywhere in the world" were assigned most of the blame for all of America's troubles. Just as during the McCarthy era, both were associated directly with the Roosevelt legacy--with his "New Deal" reforms and with his cooperation with the USSR, particularly during World War II, which led to the Teheran, Yalta and Potsdam agreements.

"Franklin Roosevelt," Republican Congressman R. Paul from Texas said, for example, at the centennial session of Congress, "pulled the United States into an era of Keynesian economics and implemented the faulty ideas of government interfering in the economy.... The Roosevelt monument is all around us--inflation, unemployment, bankruptcy and the declining value of paper money."

In response to Paul and his supporters, Republican Congressman M. Marks from Pennsylvania made the intelligent remark that, for them, "the good old days were before FDR: Before the right of labor to organize, before the humane laws on the minimum wage and the maximum work day, before social security, before federal employment programs and unemployment insurance"--that is, before everything that the Roosevelt Administration instituted.

Politicians from the "hearthland" and the White House have fallen prey to nostalgia for the era of hollow "prosperity" and the desire to impose a "Pax Americana" on the world. "The official policy line on FDR's actions is now naturally quite low," renowned analyst L. Bruno remarked in this connection. "Our present preacher in the presidential pulpit is blaming all of the nation's troubles on the half-century of waste, worthless administration and extravagance started by--guess who."

Just a few years ago this kind of "preaching" in Washington would have been regarded as strangely archaic, but in the atmosphere of the "conservative renaissance" it has acquired a certain respectability, which has colored even the liberal attitude toward the Roosevelt centennial. Roosevelt and his legacy are not only "out of style" but even an attachment to them has become frankly unsafe. Is this the reason for the amazing passivity displayed by leading Democratic politicians during the days commemorating the centennial of Roosevelt's birth? President Reagan and his supporters, on the other hand, took every opportunity to use the centennial as an advertisement for their own policy, portraying themselves as some kind of new "Republican Roosevelts" who would carry out "long-needed fundamental reforms." For example, Republican Senator O. Hatch announced in the Congress that Reagan is "today's Roosevelt" and "a ray of hope for everyone." "I believe," he said, "that Franklin Roosevelt is watching us today. I am certain that when he looks down on the White House he cannot help smiling because he knows that a real captain is behind the wheel of the ship of state once more."

This is one of the paradoxes of the centennial: Many of the liberals isolated themselves from the Roosevelt legacy, and the "rights" to this legacy were assumed by the people who are called conservatives in the United States. Naturally, they have their own interpretation of the Roosevelt legacy. President Reagan insists that the reforms connected with Roosevelt's "New Deal" were "a drastic emergency cure" for a "seriously ill nation," which Roosevelt himself, as a "skilled physician," had no intention of turning into a "permanent diet." The problem was that Roosevelt was surrounded by "extremely suspicious" people from his "brain trust," such as then Secretary of the Interior Harold Ickes, who "did not regard the medicine as a temporary measure" and tried to accomplish something just short of a total change in the government structure. This, in Reagan's opinion, was the cause of the "parasitism," "decline of private initiative" and other forms of deterioration that caused American to detour from the high road ordained for it by Providence. In other words, the "New Deal" was nothing other than a protracted historical aberration and the time has come to put an end to it. "I," Reagan concluded, "am taking another road."

What is this road? This is the road renouncing many of the positive elements of the Roosevelt legacy.

The main difference, obviously, does not lie in class considerations, but in the breadth and validity of the approach. Roosevelt, an educated and far-sighted bourgeois politician, was well aware of the danger of the unrestricted outburst of private monopolistic interests, which had brought the country to the verge of catastrophe by the beginning of the 1930's. More than any other American leader of his time, he realized that capitalism in its bourgeois democratic form could not survive economically or politically without the eradication of some of the excesses of private monopolistic practices and the maintenance of at least a minimum level of public welfare. "We always knew," Roosevelt said in his second inaugural address, "that unbridled private interest is morally unsound, and now we know that it is also economically unsound." This was the reason for his belief in the need to modernize capitalism and his certainty that "the only way of avoiding the repetition of those dark days is to give the state enough power to correct the weaknesses of our system."

This actually meant some redistribution of income in favor of the less privileged strata. This required colossal efforts to politically educate his own class, whose insatiable greed and narrowmindedness were, in Roosevelt's opinion, just as dangerous to the system as the radicalism of the masses.

"The main achievements of the 'New Deal,'" historian Arthur Schlesinger, Jr., stressed at the centennial session of Congress, "was that it saved capitalism from the capitalists." Contrary to Ronald Reagan's assumptions, Roosevelt was quite aware that it would be impossible to return to the "normal" Hoover years, which would be, in his words, "suicidal" with regard to the preservation of the system.

Roosevelt's approach to foreign policy matters was just as broad and just as realistic. He believed that America's national security could not be safeguarded unilaterally in the contemporary complex world, that ideological blindness did not provide good advice in international matters and that America's own interests could not be defended unless the legitimate interests of other powers were given serious consideration. "He was free of the 'cold war' line of reasoning to which almost all subsequent presidents fell prey," Democratic Congressman J. Moakley pointed out. "He believed that American foreign policy should be conducted in a positive way, in accordance with which we, while remaining true to our own ideals, would be tolerant of the values of others."

Of course, there were some ambiguities in Roosevelt's policy and legacy, as historians pointed out at the centennial conference at Hofstra University. The same A. Schlesinger, Jr., mentioned the inflationary tendencies in the American economy today and the excesses of the "imperial presidency" as some of the "unforeseen consequences" of the "New Deal." Professor D. Fasfield correctly noted the pernicious effect of U.S. foreign policy expansion, which began during World War II, on the continuation of the policy of reform within the country. Above all, however, the "New Deal" must be distinguished from its later state-monopolistic and aggressive foreign policy trappings. Its main tendency was one of positive social change accomplished under the pressure of the laboring masses. The absolute majority of the experts who attended the Hofstra conference had no doubts about this.

As conference speakers pointed out, against this background the entire spirit and content of "Reaganism" appeared to be headed in the opposite direction: The order of the day is "full speed backward," back to the traditional postulates of the capitalism of Hoover's time--the sanctity of the market, individualism and the totally unrestricted freedom of private capital, in accordance with which government's only function is "to create maximally favorable conditions for business." The laboring public, on the other hand, is being offered a different system of incentives--what A. Schlesinger, Jr., calls "salvation through suffering." In essence, "Reaganomics" fits the following sarcastic definition provided by renowned economist J. Galbraith: "The rich do not work because they do not get enough, and the poor do not work because they get too much. Economic renewal therefore means that the poor must be given less and the rich must be given more."

This naturally brings to mind the following words from Roosevelt's second inaugural address, which are frequently quoted these days: "Our progress must be measured not in terms of whether we are increasing the riches of those who already have much, but in terms of the degree to which we improve the life of those who have too little."

As for Reagan's "new deal," or "new beginning," it is already obvious that it will impoverish the poor even more and attack the rights and achievements of the laboring public in the spheres of labor legislation, labor safety, public health, education, medical treatment, etc.

In the foreign policy sphere, the failure to view realities objectively threatens to undermine U.S. security and poses a threat to the very existence of America, for which Franklin Delano Roosevelt did so much to "save it from itself."

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U.S. MILITARY NUCLEAR 'ACCIDENTS' SHOW NEED FOR DISARMAMENT

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[Article by V. F. Davydov and N. S. Seregin: "The Specter of Nuclear Catastrophe"]

[Text] The recent increase in accidents and catastrophes involving American carriers of nuclear weapons is not only posing a greater threat to the lives of people in various countries and regions but could also bring about the accidental "detonation" of a broad-scale nuclear conflict.

The Western press has reported that in the last 30 years there have been more than 100 incidents involving nuclear weapons, each of which could have led to a nuclear explosion under certain circumstances. Here are a few of them.

In April 1950 an American B-29 bomber crashed in New Mexico. The atomic bombs it was carrying fell apart on impact. This caused radioactive substances to spread over a huge territory.

In 1951 a B-47 bomber carrying nuclear bombs disappeared without a trace over the Mediterranean.

In 1957 the engines of a C-124 military cargo plane failed while it was flying along the Atlantic coastline of the United States. The pilot dropped two atom bombs without detonators. The bombs have never been recovered.

In 1958 a B-47 airplane carrying an atomic bomb went up in flames as it left the airfield of an overseas U.S. Air Force base. A desperate effort by military fire fighters removed the bomb from the raging flames.

In November of the same year there was an accident involving another B-47 bomber in Texas. The atom bomb it was carrying was destroyed but did not explode. There was radioactive fall out all around the site of the catastrophe.

In January 1961 two atom bombs were mistakenly dropped from a B-52 plane on the outskirts of the city of Goldsboro (North Carolina). On impact five of the six safety devices on one of these bombs (24 megatons) malfunctioned. Therefore, only a coincidence prevented a nuclear explosion hundreds of times more powerful than the explosion of the bomb dropped on Hiroshima in August 1945.

In 1965 an A-4 attack plane carrying a nuclear weapon crashed in the Pacific Ocean.

In 1966 a B-52 bomber collided with a tanker aircraft in the sky over Palomares (Spain). The captain of the bomber was able to turn on an emergency device to ensure the smooth descent of four hydrogen bombs. An explosion would have annihilated all forms of life in vast regions of Spain, Portugal and France. Luckily, the accident resulted "only" in radioactive fall out. It cost more than 50 million dollars to clean the contaminated area.

In 1968 another catastrophe involving a B-52 plane took place near the American military base in Thule (Greenland). The explosion of an atomic bomb was prevented, but radioactive substances contaminated a large part of the maritime ice cover.

In September 1980 a fire broke out on a B-52 bomber, which was carrying nuclear bombs, being prepared for take off on an air force base in North Dakota. For 2 hours, until the fire was extinguished, the lives of 90,000 inhabitants of the nearby city of Grand Forks hung by a hair.

In October 1980 an accident involving an FB-111 fighter-bomber, which was also carrying a nuclear weapon, occurred near the East Coast of the United States.

So-called duty flights of American planes carrying high-yield nuclear munitions are made around the clock, and even in direct proximity to the borders of the USSR and other socialist countries. An accident involving this kind of plane could have truly far-reaching effects.

The U.S. Navy is "keeping up" with the air force.

In 1963 an American submarine, the "Thresher," sank, and in 1968 there was an accident on the "Scorpion." The missiles with nuclear warheads that were on board these ships are still lying on the ocean floor.

At the beginning of 1981 a naval aviation plane crashed into a runway on the aircraft carrier "Nimitz" near the coast of Florida. This could have set off the nuclear bombs on board the carrier.

In April 1981 the American atomic submarine "George Washington" sank the Japanese freighter "Nissio-maru" and stole away like a pirate without helping the drowning sailors. It is still not known whether the nuclear submarine suffered any damage itself.

On 22 October 1981 the "Mount Hood," a transport vessel of the U.S. Seventh Fleet, "lost" a more than 2-ton missile 360 kilometers from the shore near Nagasaki (Japan). The incident occurred in a region of lively shipping and fishing, but the U.S. Navy informed Japanese authorities of the accident only 5 days after the missile fell overboard. We do not know if it was ever recovered.

Military exercises involving ships of the United States and several Western European countries were held in the Mediterranean between 13 and 24 November 1981. Several C-3A "Viking" planes and an A-7E attack plane suffered accidents and a

"Corsair" fighter plane disappeared. All of them were based on the American nuclear aircraft carrier "Nimitz."

In the middle of November 1981 a test launch of a modernized Trident missile from the American submarine "Benjamin Franklin" near the coast of Florida almost ended in disaster. Within 55 seconds after the launching the missile suddenly veered sharply off course and emergency measures had to be taken to destroy it.

At the end of November 1981 a crane malfunctioned while it was lifting a Poseidon missile with 10 nuclear warheads on an American submarine base near Holy Lock (Scotland). The missile hit the deck of a submarine, which could have resulted in a colossal explosion. Thousands of people living in this district would have died. Besides this, the blast could have set off missile warheads on other submarines based in the Holy Lock region.

The number of accidents, incidents and catastrophes like these is constantly rising. Many dangerous accidents and catastrophes take place on land, in the air and in the waters of Europe, Asia, Latin America and the Middle East--wherever American military bases are located or U.S. servicemen are stationed.

According to reports in the foreign press, whole regions of some Western countries, including Great Britain and Spain, have been literally on the verge of annihilation more than once as a result of accidents and catastrophes involving American carriers of nuclear weapons, and the inhabitants of these countries have not even suspected this danger.

The world public is deeply disturbed by the numerous occasions in which false alarms in the United States have sent many planes carrying nuclear weapons into the air. In 1979 and 1980 alone, the North American Air Defense Command (NORAD) sounded more than 150 false alarms signaling a "nuclear attack" on the United States as a result of "technical defects." Besides this, more than 3,700 "less serious" alarms were set off before the middle of 1980, as the NEW YORK TIMES reported on 31 October 1980. In several cases a fleet of strategic B-52 bombers with large quantities of nuclear bombs on board took off after the false alarm in order to deliver a "retaliatory strike." According to American statistics, false alarms of this kind are set off twice a week or so.

Another great danger is the unpredictable behavior of the American soldiers and officers who regularly use narcotics and who service the technical equipment carrying nuclear warheads. American officials have admitted that one out of every five U.S. servicemen on bases in Western Europe uses strong drugs. According to the 11 March 1982 issue of STERN magazine, 2,325 soldiers were discharged from subunits servicing nuclear weapons or transferred to other units just in 1980 as a result of drug and alcohol abuse.

Another facet of the "nuclear specter" is the possibility of the unauthorized use of nuclear munitions for one reason or another. According to many experts, including American specialists, a nuclear incident with unpredictable consequences could result from an error committed by the commander of a subunit armed with nuclear weapons or, for instance, from actions by terrorists or other criminal elements. It is known, for example, that terrorists have raided American military depots and

facilities in search of nuclear munitions several times just in the Western European countries where U.S. troops are stationed.

Questions connected with the possible theft of a nuclear weapon (either in its entirety or piece by piece) and its use by terrorist groups or criminal gangs warrant, according to experts, the most serious attention, and on the international level. After all, international cooperation has already produced definite results in the struggle against terrorism in the air. But the danger of "nuclear terrorism" is not comparable in any way to "conventional" terrorism.

When Pentagon officials are unable to hide the facts, they portray these "incidents" as something just short of "common practice."

What kind of "common practice" is this! The American nuclear bombs and munitions that are "lost," the missiles that go out of control and the disasters and accidents involving strategic bombers and submarines endanger the security of many countries and the lives of hundreds of thousands or even millions of people. The situation is particularly dangerous because any "accidental" nuclear explosion could be interpreted as the start of a nuclear attack. And after all, a false "attack" could be followed by a real response.

The probability of this result of an "unauthorized" nuclear explosion or missile launching stems from the tendency of some U.S. military and political leaders to view "limited" nuclear war as something that is "completely acceptable." Official statements are being reinforced with concrete measures. These include the development of the neutron weapon and the plans for its use; the formation of the "rapid deployment forces" with their tactic of the "pre-emptive strike," including nuclear strikes; the plans to deploy hundreds of new American medium-range missiles in Western Europe; and the increasing frequency of broad-scale military maneuvers in which the United States is striving to involve as many other countries as possible. All of this provided renowned American expert on military policy J. LaRocque with the grounds to assert: "We are justified in anticipating the most serious nuclear incidents within the near future."

What is the solution to the problem of "nuclear incidents," which is so dangerous to all countries and peoples? There is no question that the solution lies primarily in the limitation of the nuclear arms race, the dismantling of foreign military bases, the creation of nuclear-free zones and consistent efforts to limit and reduce nuclear stockpiles and strengthen mutual understanding between East and West.

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AWACS SALE TO SAUDI ARABIA ATTEMPT TO CREATE U.S. MIDEAST HEGEMONY

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[Article by A. V. Frolov and N. A. Khomenko: "What Do AWACS Planes Carry on their Wings?"]

[Text] As soon as the emotions aroused by the Reagan Administration's campaign to promote the sale of advanced warning and command systems (AWACS) planes and additional equipment for American F-15 planes to Saudi Arabia had started to die down, the question of sending a large shipment of weapons to the "desert kingdom" was raised once again on Capitol Hill. On 2 March 1982 the Pentagon informed the Congress that it planned to supply Saudi Arabia with 10 RF-5E tactical reconnaissance planes and 5 F-5E and F-5F fighter planes within the near future for the price of 350 million dollars, ostensibly to enhance the combat capabilities of Saudi armed forces.

This kind of energetic action in the sale of weapons for unprecedented sums is unparalleled in history! The sale of five AWACS planes will give the United States 5.8 billion dollars; it will receive 2.4 billion for KC-707 tanker aircraft, 200 million for 1,117 "Sidewinder" missiles and 110 million dollars for 1,100 sets of equipment for F-15 planes. Saudi Arabia has allocated around 3.4 billion dollars for the construction of the King Khalid military compound, established near Riyadh by the U.S. Army Corps of Engineers. Another 13.5 billion went for the construction of naval and air force bases, military academies, roads and other elements of the kingdom's military infrastructure.

What lies behind this energetic activity by the current Washington Administration to conclude a weapon transaction that is unprecedented in the history of trade and that even the powerful pro-Israeli lobby in the U.S. Congress cannot prevent?

The answer to this question can probably be found in Washington's global anti-Soviet militaristic policy, aimed at securing a dominant role for the United States throughout the world and especially in the Middle East. The Reagan Administration has assigned top priority to the plan for stronger military cooperation with countries in this region, the delivery of weapons to several Middle East states and the exertion of strong pressure on them. In connection with this, NEWSWEEK magazine remarked that arms shipments represent one of the most effective ways of improving U.S. relations with the Middle East countries.

For the United States, which is quite anxious to recycle petrodollars, arms sales also represent one of the best solutions to this problem. For the United States, income from weapon sales is a tangible boost in its balance of payments, particularly when, as in the case of Saudi Arabia, the weapons are paid for in cash. American military-industrial corporations receive a net profit of 30 percent or more from overseas arms sales. Besides this, the present administration is inclined to regard arms shipments as the chief method of acquiring economic advantages. In January 1982, the MIDDLE EAST ECONOMIC DIGEST reported: "Judging by U.S. congressional proceedings on various programs of aid to foreign states, the Reagan Administration believes that military aid is more effective than economic aid, not only in achieving U.S. security but also in safeguarding U.S. economic interests." In particular, Washington wants Saudi Arabia to raise or lower the level of oil production in order to keep the price of this fuel relatively low.

In this way, the United States hopes to "kill several birds with one stone"--to gain certain political concessions from states in the region, to obtain access to military bases and other facilities for their use by American armed forces, to recycle petrodollars, to improve its balance of trade and to obtain other economic advantages.

As we know, after the fall of the shah's regime in Iran, the American leadership began to rely much less on its proteges in the region and to place more emphasis on direct American military presence. For this purpose, "rapid deployment forces" (RDF) are being formed, and the creation of a network of military bases in Egypt, Oman, Somalia and Sudan is being planned and has been negotiated with the governments of these countries. The United States also wants some of its own bases in Saudi Arabia. As yet, however, it has been unable to obtain Riyadh's official consent to this, and this is why the Reagan Administration is seeking other ways of carrying out its plans.

People in Washington believe that arms shipments and contracts for the creation of the appropriate infrastructure will facilitate the more intense American penetration of this country, and the complexity of the weapons will necessitate the presence of a large number of military advisers and technical specialists in the country and the intensive training of Saudi servicemen both locally and in the United States. To substantiate the sale of military equipment to Saudi Arabia, the head of the Pentagon, C. Weinberger, said: "In exchange for the weapons, the United States will gain access to facilities in the country, and these facilities will not be classified as military bases. The sale of the equipment will be followed by the transfer of American personnel to this country for its maintenance." Last February the NEW YORK TIMES reported that there were more than 1,000 American military specialists in Saudi Arabia at that time. After the start of the shipments of the AWACS planes and other equipment included in the comprehensive transaction, the number will rise by at least 600.

It is also significant that the programs for the establishment of a military infrastructure (the "Peace Hawk" and other projects), to be carried out by the U.S. Army Corps of Engineers, will cover a long period of time, 5-10 years, and this gives Washington reason to anticipate a prolonged presence in Saudi Arabia.

The AWACS deal is also a long-term transaction. As President Reagan remarked in his letter to the Republican majority leader in the Senate, persuading him to support the transaction, it "will actually mean U.S. participation in Saudi AWACS operations almost until the end of the 1990's."

But the astronomical sums Riyadh is spending on weapons can only have an extremely limited positive effect on the defensive capabilities of Saudi Arabia. As we know, the Israeli war planes that made the bandit raid on the atomic reactor in Baghdad flew over Saudi Arabia but they were "undetected" by the American-commanded AWACS planes patrolling the kingdom's skies. And this was not the only violation of Saudi air boundaries by Israeli planes. Besides this, the AWACS transaction was made conditional upon the transmission of the information they gather to the United States, and not to neighboring Arab countries. It is completely obvious that Washington wants to make use of these arms shipments to attain its military-political goals, and not to reinforce Riyadh's "defensive strength," and that all of the American Administration's activity connected with the AWACS transaction and shipments of new weapons had a definite purpose, just as the "friendly" feelings Washington displays for the royal family. It was with good reason that, just before the AWACS vote was taken in the U.S. Congress, the supporters of the transaction asserted that it could keep the Saudi leadership within the orbit of Washington policy, and this would be a significant factor determining the results of American diplomatic activity in the Middle East and, consequently, the expansion of American influence in the region.

Another reason for Washington's recent increased interest in Saudi Arabia is the fact that this country, with its rich oil deposits exceeding 160 billion barrels (for the sake of comparison, Iran has 58 billion), its high levels of oil production and exports and, consequently, large financial reserves, and its cities of Mecca and Medina, which are Islamic holy places, has a great deal of influence in the Arab League, Islamic Conference and other international organizations, including OPEC. With a view to all of these factors, Washington is trying to play the "Saudi card" in the game of global politics.

When we examine Washington's reasons for trying to establish "special relations" with Saudi Arabia, we must remember the Camp David process, which has reached an impasse and which the United States is trying to revive.* The American Administration is assigning Saudi Arabia an important role in this process. Washington hopes that the inclusion of Saudi Arabia in the process of peaceful regulation in the interests of the United States and Israel will motivate other conservative states--Jordan and the Persian Gulf principalities--to follow the Saudi example. This will weaken the resistance front and Syria will have to agree to talk with Israel. If this plan works, Washington officials believe, the necessary conditions will be established for the total exclusion of the Soviet Union from the process of Middle East regulation.

In the past year people in Washington have been vigorously promoting the concept of a "strategic consensus" among some Arab states and Israel, with the possible inclusion of Turkey, for the purpose of the joint repulsion of the "Soviet military

* See A. K. Kislov, "The Middle East and the Camp David Impasse," SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA, No 3, 1982--Editor's note.

threat." According to the plans of the White House and Pentagon, the three pillars of the "strategic consensus" should be: Egypt with its human resources; Israel with its military strength; Saudi Arabia with its oil wealth.

Despite the severity of Arab-Israeli conflicts the American Administration is making an energetic effort to bring about Saudi-Israeli rapprochement by taking every opportunity to stress the fact that they have a "common enemy"--the Soviet Union--which is supposedly striving to seize the rich oil-bearing regions of the Persian Gulf and gain access to the "warm southern seas."

The plan for the creation of a joint air defense system by the United States and Israel to protect regions that are supposedly threatened by the USSR is regarded as one of the steps toward the achievement of a "strategic consensus" in the Middle East. This matter was discussed when Israeli Prime Minister M. Begin visited Washington in September 1981. The American side then wanted this system to include the AWACS planes owned by Saudi Arabia. In February 1982 the head of the Pentagon, C. Weinberger, visited Saudi Arabia and convinced Riyadh to consent to the creation of a joint Saudi-American military commission, mainly for the purpose of "coordinating the distribution of military aid among the states affiliated with the Council for Cooperation Among the Persian Gulf Arab States" (the conservative Arab states of Saudi Arabia, Kuwait, the United Arab Emirates, Bahrain, Qatar and Oman belong to the council). It is obvious that the American secretary did not confine the discussion only to the "coordination of the distribution of military aid" but had more far-reaching plans. By March 1982, when the chiefs of staff of the council countries met in Riyadh, the creation of a single air defense belt, based on U.S. equipment and, above all, AWACS planes, was already being discussed. Therefore, people in Washington wanted to give this organization the features of an anti-Soviet military alliance and a prototype of the "strategic consensus."

The Western press has recently been filled with more and more new reports of U.S. plans to establish an operational center for the rapid deployment forces directly in the Persian Gulf zone. The commander of these forces, R. Kingston, did not deny his hope of stationing a forward-based group of 150-200 soldiers there. This January the MIDDLE EAST ECONOMIC DIGEST reported that the American leadership was talking Riyadh into buying not only the AWACS planes, but also--supposedly for the Saudi Air Force and Navy--an even more complex electronic command, control and communications system, known in military circles as C/3.

These facts testify that Washington is not only vigorously promoting the creation of military support points for possible combat in the Middle East, but is also trying to do this at the expense of the countries of this region.

In the hope of using Saudi Arabia's increasing influence in the Arab and Muslim world in their own interests, however, people on the banks of the Potomac probably do not realize that this influence will give the Saudi leadership a chance to conduct a more independent policy, not connected with that of the United States. Each day it becomes more obvious that the hegemonistic policy of the United States in the Middle East is reaching an impasse and often produces results that are the opposite of the planned results. Some American press reports have contained the sensible admission that the U.S. leadership's political and military goals in the

Near and Middle East are hardly feasible. Various arguments are cited to corroborate this opinion.

Above all, it has been pointed out that the American Administration has the unrealistic goal of bringing about the convergence of conservative Arab states, especially Saudi Arabia, with Israel. Although Israeli Prime Minister M. Begin made cautious statements in summer 1981 in favor of talks with Saudi Arabia, and crowned Prince Fahd put forth his own plan for Middle East settlement, which is the first to contain some indirect recognition of the State of Israel, the signing of the memorandum on U.S.-Israeli strategic cooperation and the conclusion of the comprehensive transaction between Washington and Riyadh on the AWACS sale made Saudi-Israeli relations extremely hostile once again. Israeli planes have flagrantly violated the air space of Saudi Arabia and Begin has called it a "barbarous medieval kingdom with which no talks can be conducted." The Saudis, in turn, renounced the point in the "Fahd plan" on the indirect recognition of Israel and normalized relations with Syria and Libya, which belong to the resistance front.

Observers have also noted that the U.S. leadership has stubbornly ignored the fact that the conflicts between Saudi Arabia and Israel prevail over their anti-Sovietism. For example, the CHRISTIAN SCIENCE MONITOR acknowledged that the Arab people do not consider the anti-Soviet "strategic consensus" to be their primary goal, but are "much more concerned" about the Palestinian problem. The leaders of Saudi Arabia and other Persian Gulf countries view Israel's adventurous and aggressive policy as the principal danger.

The same newspaper noted that the United States is also ignoring the increasing international influence of the PLO, which is corroborated, for example, by the granting of diplomatic status to this organization in Moscow and in several other countries and by the friendly reception the chairman of the organization's executive committee, Y. Arafat, was given in Japan in October 1981.

Ignoring the actual state of affairs, the American Administration is continuing to work toward its own great-power goals by selling more and more weapons to the Arab countries and Israel, exacerbating the already explosive situation in this region and caring nothing about a just and lasting settlement of the Middle East problem.

The United States, General Secretary of the CPSU Central Committee and Chairman of the USSR Supreme Soviet Presidium L. I. Brezhnev said, would like to subordinate the Near and Middle East countries to its own hegemony, "appropriate their natural wealth unimpeded and simultaneously use their territory in its own strategic intrigues against the socialist world and national liberation forces."

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AFRICA'S IMPORTANCE TO U.S. AS SOURCE OF MINERALS NOTED

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[Article by Ye. N. Kondrashov: "United States-Africa: Raw Materials Aspect"]

[Text] Africa occupies an important place in imperialism's current economic, political and military strategy. The continuous exacerbation of raw material and energy problems has made the expansion and retention of unimpeded access to the rich mineral resources of this continent an even more serious matter for the Western economy. This access is naturally based on conditions convenient for the Western countries, with total contempt for the interests of the African states, with the attempt to entangle these states as much as possible in the nets of neo-colonialism and with the desperate resistance of demands for a new international economic order by the United States and other Western countries.

'The African Boom'

Members of American ruling circles have recently had much to say about the "critical dependence" of the U.S. economy on deliveries of many types of so-called key minerals--ores containing cobalt, chromium, manganese, vanadium, platinum, gold and others.

A massive propaganda campaign was launched with regard to this problem after the Reagan Administration took office. Here are remarks by just a few prominent members of the political and business communities.

Senator B. Goldwater from Arizona, for example, said in the Congress: "The present situation with regard to scarce materials in the United States is actually a national calamity.... OPEC controls 52 percent of world oil deliveries.... We depend even more, however, on raw materials from southern Africa, which are essential to our defense. In the last year we imported 100 percent of the titanium and niobium used in the nation, 98 percent of the manganese, 96 percent of the tantalum, 90 percent of the cobalt and 90 percent of the chromium. Our aviation industry could not exist without these elements."¹ W. Schneider, an expert on military affairs and a prominent figure in the government, said that the shortage of heat-resistant spare parts for jet engines, resulting from the shortage of cobalt for their manufacture, kept 3 of the 26 squadrons of F-15 bombers from going up in the air each day. The intensity of the demand for this metal is

attested to merely by the fact, Schneider added, that the price of cobalt rose by 400 percent at times during the hostilities in Shaba (formerly the province of Katanga, Zaire), and this is the main supplier of cobalt in the world market.

An even more dramatic description of the situation was provide by Chairman J. Santini of the House Subcommittee on Mines and Mining: "Although cobalt is a vitally important mineral, our country is much more vulnerable to interruptions in deliveries of manganese, platinum and chromium." Without chromium, he said, it is impossible to manufacture, for example, superhard alloys for jet engines and armor plate. "A significant and prolonged interval between shipments of chromium," a spokesmen of the Pratt & Whitney Company said, "would stop air traffic and shut down the aviation industry."²

A report delivered by J. Santini to the Congress as the official document of his subcommittee contained the following information. Known reserves of chromium ore (chromite) in Zimbabwe total 3 billion tons, 1 billion of which is high-quality ore suitable for the production of ferrochromium; around 95 percent of world chromium reserves are located in Zimbabwe and the Republic of South Africa. "Chromium--the most important component of all steel alloys--is of vital importance for the survival of the Western industrial world,"³ the document stresses.

Not only flights on jet airplanes, but even the use of a motor vehicle would be a rarity if shipments of vitally important materials, particularly platinum, from Africa should be interrupted, a STAR correspondent declared. "This scarce metal is doubly important," experts from the Joint Economic Committee of the Congress wrote, "because the modern technology for the conversion of crude oil into gasoline would not work and it would be impossible to produce complex catalyzers."

The American telephone and television industry would be in a pitiful state without uninterrupted shipments of metals of the platinum group, warned AMERICAN OPINION magazine. In particular, palladium is irreplaceable in the manufacture of such parts as telephone terminals. The United States satisfies 90 percent of its need for these metals by means of imports, mainly from Africa.

When A. Haig was still the President of United Technologies (this firm is one of the leading manufacturers of military planes and missiles and a major consumer of alloy and scarce metals), he spoke in Congress and announced that Africa had become the source of minerals of vital importance to industry, "the loss of which would have the most serious effect on the existing economic and defense system" of the West.⁴

The actual purpose of the current campaign in the United States, in which "national security" considerations are purposefully being cited as the main aspect of the nation's raw material supply, is connected with the interests of economic expansion and the military-political strategy of American imperialism. "As soon as the monopolies need someone else's oil, uranium and nonferrous metals, the Middle East, Africa and Indian Ocean are declared a sphere of U.S. 'vital interests,'"⁵ L. I. Brezhnev said at the 26th CPSU Congress.

Neither the American Government nor the monopolies want to consider the question of the provision of the United States and its allies with the necessary raw materials from the standpoint of the "equalization of the interests" of the West and

the "South"--that is, from the standpoint of an approach which would be based not on the "right" to rob Africa of its natural wealth, but on fair and mutually beneficial commercial exchange.

The 'Treasure House' of Scarce Raw Materials

For many decades Africa has been widely used as a major supplier of many types of raw materials for the imperialist states. Despite the fact that the geological knowledge of this continent is still relatively incomplete, past discoveries have put some of the African countries at the top of the world list of mineral "treasure houses." Rich oil and gas deposits have been discovered and are being worked in Libya, Algeria, Angola and Nigeria, as well as deposits of bauxite in Guinea, uranium ore in Gabon, Nigeria and the Central African Republic, iron ore in Liberia and Mauritania, copper ore in Zambia and Zaire, manganese in Gabon, deposits of rare-earth elements in Nigeria, Namibia and Zaire, and gold and diamonds in Sierra Leone. Western monopolies are not only exploiting known deposits, but are also conducting the intensive geological prospecting of new ones, hoping to continue covering their demand for minerals with the riches of Africa, ignoring the question of fair compensation and mutually beneficial trade and economic cooperation. They simply want to take more and more. Furthermore, there is something to take. In 1967 Africa accounted for 41 percent of the known reserves of manganese ore in the capitalist world, and the figure had already topped 81 percent by 1980. The respective rise for known chromite deposits was from 72 percent to more than 97 percent, and the figures for bauxite were 30 and 40 percent. Now Africa has most or much of the non-socialist world's reserves of minerals of such value to modern industry as diamonds (over 92 percent), platinum (98 percent), vanadium (around 92 percent) and cobalt (around 40 percent).⁶ In terms of uranium deposits and extraction volumes in the capitalist world, Africa is second only to North America (it was African uranium that played an important role in the development and production of atomic weapons in the United States).

Africa has sizable resources of energy raw materials. For example, in terms of oil deposits and production, it already occupies third place among the continents. In just 10 years, between 1967 and 1977, known reserves of "black gold" almost doubled in Africa: from 4.4 billion tons to over 8 billion.⁷

Whereas most of the raw materials taken out of Africa in the first postwar years went to England, France and Belgium, whose colonial empires had been located mainly on this continent, by the middle of the 1960's the raw materials were also being exported on a broad scale to the United States, the FRG and Japan. The American market began to absorb large quantities of African manganese, cobalt, niobium, platinum, chromite, industrial diamonds, rare metals, bauxite and more and more oil.

This process was connected, in particular, with the increasing use of alloy metals and rare-earth elements in modern production. The development of the atomic and radioengineering industries, the appearance of electronic and space equipment and technical progress in machine building brought about a dramatic rise in the demand for uranium, platinum, niobium, diamonds and so forth. The author's calculations indicate that whereas the consumption volume of such "traditional" metals as tin and lead rose no more than 100 percent in the capitalist world

between 1950 and 1980, and no more than 200 percent in the case of iron, copper and zinc, the figure was over 300 percent for manganese, chromium, cobalt and platinum and exceeded 500 percent for aluminum, molybdenum and platinum [as published].

In connection with all this, it is significant that American monopolies, which have sizable resources of many types of scarce materials on their own national territory (see Table 1),⁸ prefer in many cases to refrain from using them. In the first place, these resources are regarded as an important strategic reserve and, in the second place, their exploitation would entail particularly large capital investments while in the developing countries this raw material is still relatively cheap, just as manpower is cheap. In particular, the United States is now satisfying much of its need for minerals by means of African imports (see Table 2).

Table 1

U.S. Supply of Some Scarce Raw Materials

Raw Materials	Consumption 1980	Reserves, January 1980	Resources, January 1976
Bauxite, millions of tons	5.4	140	—*
Chromite and ferrochromium, millions of tons	1.35	--	--
Manganese ore, millions of tons	1.06	--	64
Cobalt, thousands of tons	8.0	100	764
Vanadium, thousands of tons	5.4	184	9,070
Metals of platinum group, tons	91.8	31	9,144

* Resources of aluminum in non-bauxite raw materials amount to hundreds of millions of tons in the United States.

"Mineral Trends and Forecasts, Bureau of Mines, Department of Interior," Washington, 1979; "Mineral Commodity Summaries," Washington, 1981.

Imports of African copper, platinum, vanadium, manganese, diamonds, asbestos and feldspar are extremely important to the United States. The American magazine AFRICA REPORT has this to say about the matter: "We must recognize our interdependence with Africa if we want to avoid the quite probable 'metal crisis' that might follow the energy crisis."

Africa is also important to the United States as a supplier of energy resources. For example, Nigeria took second place (in terms of volume) among the United States' oil suppliers in the middle of the 1970's. Large shipments of natural gas from Algeria, whose reserves of this raw material are quite sizable, are being received.

The exacerbation of fuel and raw material problems in the world has been accompanied by a more fierce inter-imperialist struggle for African sources of raw materials. For example, a fierce struggle broke out between the United States and England for a dominant position in Zambia's "copper belt." The United States

covers its need for copper with its own resources and with imports from Canada and Chile, but it is also a major exporter of this metal, sending most of it to Western Europe. Here, however, American copper must compete with Zambian copper, which is cheaper and of better quality. This is why American companies are trying to establish themselves in the "copper belt" so that they will be able to regulate prices in the sales market in their own interest.

Table 2

African Share of U.S. Consumption of Strategic Raw Materials, 1980

<u>Raw Materials</u>	<u>U.S. Consumption</u>	<u>U.S. Imports</u>	<u>African Share of U.S. Imports, %</u>
Manganese ore, millions of tons	1.06	0.75 0.58 (ferromanganese)	44 38
Chromite, millions of tons	0.94	0.9	40
Ferrochromium, millions of tons	0.41	0.32	71
Bauxite, millions of tons	5.4*	14.7	32
Cobalt, thousands of tons	8.0	7.3	55
Vanadium, thousands of tons	5.4	2.2	55
Metals of platinum group, tons	91.8	104.5	53
Diamonds, millions of carats	45.8**	22.8	53

* Including aluminum oxide consumption.

** Including artificial diamond consumption.

"Mineral Commodity Summaries," Washington, 1981.

In recent years the competition among imperialist countries over uranium has become much more intense. For example, the discovery of large deposits of this strategically important metal in France's former colonies (Gabon, Nigeria and the Central African Republic) in 1970 intensified the competitive struggle between France and U.S. monopolies.

After large deposits of oil were discovered in several African countries, they were drawn into the long-standing struggle among imperialist states over sources of petroleum. For example, the race for Nigerian "black gold" gave rise to acute conflicts among American, Indian, French and Italian monopolies and contributed much to the start of the civil war in this country.

A Profitable Sphere of Capital Investment

The relatively low cost of mineral prospecting and mining and the higher quality of mineral resources are among the important factors stimulating American monopoly participation in raw material exploitation on the African continent. The low cost of prospecting is attested to by the following figures: Expenditures on investigative work per barrel of oil (159 liters) in North Africa are one-thirtieth of the cost in the United States. Exploitation expenditures are much

lower here as well: It costs one-tenth as much to extract a barrel here.⁹ Under these conditions, it is not surprising that the exploitation of African mineral resources and the cheap labor of African workers have been a significant source of superprofits for American capital. In the middle of the 1970's, for example, direct private U.S. investments in Africa totaled around 3.5 billion dollars, but the annual profit on these investments was 700 million dollars.¹⁰

It is not difficult to see the connection between the propaganda campaign launched in the United States over African raw materials and the interests of specific American companies. The interests of specific American monopolies can be discerned behind many of the administration's foreign policy actions. For example, the James Sinclair Corporation in New York, which has long had contacts with South Africa, is one of the initiators of the struggle to build up strategic reserves of raw materials by increasing imports from Africa. One of the energetic promoters of this campaign is the large Aledeni Ludlum firm, which owns much of the stock in enterprises extracting chromium in southern Africa. Furthermore, such powerful forces of American monopoly capital as the Rockefeller, Morgan, Ford, Dillon, Guggenheim and other financial groups stand behind many of the corporations operating in Africa. For example, the Rockefeller family is the major stockholder in the international concern Societe Generale Congolese de Minier, which occupies a prominent place in the mining industry in Zaire.

Between 1957 and 1975 direct U.S. investments in Africa increased almost 8-fold. At the end of the 1970's they amounted to around 2.8 billion dollars (excluding investments in South Africa). Completely in accordance with the logic of capitalist enterprise, U.S. monopolies are investing their capital primarily in the most profitable branches. For example, more than 55 percent of the total was invested in African oil production in the mid-1970's. Whereas the overall increase in American capital investments in the African developing countries was 2.25 billion dollars between 1950 and 1975, profits during the same period almost reached 6.9 billion dollars, and around 80 percent of the total was transferred to the United States.¹¹

In terms of volume, American capital investments on the African continent are still surpassed considerably by, for example, English investments, but the boundaries of the activity of American capital are much broader because it has penetrated what was once British Africa and countries which were previously under the control of other European powers.

In recent years the forms and methods of American capital's penetration of Africa have undergone noticeable changes. Whereas the prevailing forms were once direct capital investments and the formation of affiliates or branches of companies, now the joint enterprise and the performance of services for local firms by American companies are becoming more popular. American corporations are eager to establish these forms of cooperation because they guarantee them a strong position in the enterprise or branch and also reduce the danger of the nationalization of American property.

American monopolies have entered the extractive industry in many African countries and occupy the dominant position in some of its branches. For example, U.S. companies have invested large sums--more than a billion dollars--in the Libyan

oil industry. At the beginning of the 1970's the oil fields belonging to American companies accounted for 88 percent of all Libyan oil production. After many American companies in Libya were nationalized in the mid-1970's, U.S. monopolies began to display more interest in the oil regions of tropical Africa. In particular, American capital has won a strong position in Nigeria. For example, such large corporations as Exxon, Mobil and Crutcher Resources are among the oil monopolies that have penetrated this country.

American oil companies are drilling for oil off the coastline of Cameroon, Tanzania and other countries. In all, the United States and other imperialist powers have recently drilled for oil on the coastal shelf and in the heartland of 31 African countries, and reports of new discoveries are heard each month. The number of operating oil wells on the continent increased by 210 in 1979 alone. Surveys have indicated that Africa, which was once considered to be an oil-poor continent, has more than one-tenth of the capitalist world's known deposits of "black gold."

American capital is also striving to win key positions in the mining industry. Companies in the ferrous metallurgy branch have displayed the greatest interest in metal resources. For example, United States Steel, the largest U.S. metallurgical company, is participating in the exploitation of one of the richest deposits of manganese ore in the capitalist world in Gabon (Moanda), where it owns 44 percent of the capital in the joint Comilog Company. From here, around 500,000 tons of manganese ore are exported each year to the United States (35-36 percent of all U.S. imports of manganese ore). United States Steel also owns 20 percent of the stock in Associated Manganese Mines, a South African company engaged in the extraction of manganese ore (1.5-1.7 million tons a year) and ferromanganese. It also participates in other enterprises--for example, a rutile (a mineral containing titanium and iron) mining company in Sierra Leone. Bethlehem Steel, the second largest metallurgical company in the United States, owns 50 percent of the stock in the joint Lamco Company, which is working a large iron ore deposit in Liberia. This deposit is located at the juncture of the boundaries of Liberia, Guinea and the Ivory Coast. The American Pickands Mazer Company received a concession to work this deposit on the territory of the Ivory Coast.

Union Carbide of New York occupies a prominent position in chromite mining and refining in South Africa and Zimbabwe. Through its branches, it was exporting chromium from Southern Rhodesia to the United States even when the UN embargo was in force.

The largest American aluminum enterprise outside the United States and the largest in West Africa is the VALCO plant, which belongs to Kaiser Aluminum and is located in Ghana. Large bauxite deposits in Guinea are being worked by the Compagnie de Bauxite de Guinee (9 million tons of bauxite) and Frigia (2 million tons of bauxite and 700,000 tons of aluminum oxide) joint companies, a large share of which is owned by U.S. capital.

Viewing the large copper deposits in Zambia and Zaire essentially as a convenient supplement to the American copper industry, U.S. monopolies are paying increasing attention to these countries. The American Amoco Minerals Company has been most

active in the exploitation of copper mines in Zaïre. American companies have also received a number of concessions for the mining of tantalum in the Kivu region.

All of the large companies working ore deposits in Botswana belong to South African capital, which is connected with American monopolies. Much of the Botswana ore that is rich in nickel and copper is exported to the United States.

American firms are the major stockholders in the companies working African diamond mines. Diamonds weighing several million carats, intended mainly for export to the United States, are being extracted from one of the world's largest diamond mines, which was discovered in Botswana in 1972. In 1975 a Central African diamond mining company was founded, with the controlling stock owned by the American Diamond Distributor corporation.

The activities of American monopolies in Africa, according to the plans of their administrators, are supposed to heighten the general economic dependence of many countries of this continent on the developed capitalist states and keep them in a subordinate position in the world capitalist economic system. The progressive socioeconomic and political changes that have taken place in many African countries in recent years, however, have forced U.S. monopolies to take an extremely cautious and selective approach to new investments in these states. More than half of all the capital investments of American companies on the African continent in the late 1970's and early 1980's were located in South Africa.

South Africa's Special Position

The largest U.S. monopolies, attracted by South Africa's rich mineral resources and cheap native labor, are working deposits of uranium, gold, chromium, vanadium and other scarce metals in this country. They are deriving huge profits from their harsh exploitation of the Africans.

The African south is the most developed part of the continent from the industrial standpoint. International monopolies have invested large sums here. This is also where the richest mineral deposits are concentrated. South Africa has the capitalist world's largest deposits of the particular types of metals which the United States urgently needs to satisfy the requirements of its industry--manganese ore, chromite, vanadium and platinum (see Table 3). The country also has large asbestos, feldspar and corundum deposits. In all, 54 types of minerals are being mined in South Africa. In August 1981 U.S. Assistant Secretary of State C. Crocker said: "The economic interests of the United States are concentrated mainly in the southern part of the continent. This...reflects the colossal wealth of southern Africa."

This is also the reason for Washington's undeviating support of the racist regime in South Africa.

South Africa, with its strong crude mineral base, also has a developed extractive industry. In terms of the cost of the non-energy crude minerals mined in 1979 (11.6 billion dollars), it occupied third place in the capitalist world (after the United States and Canada), and in 1980 it rose to second place when the price of

gold rose. This country's mining industry is also distinguished by a relatively high degree of production and capital concentration. The basis of this industry consists of a few large companies--the Anglo-American, De Beers, General Mining Union, Goldfields of South Africa and other "mining houses."

Table 3

South African Share of Mineral Mining and Deposits in Capitalist World, 1978, %

<u>Raw Materials</u>	<u>Mining</u>	<u>Deposits</u>
Manganese ore	37	93
Chromite	51	84
Vanadium	53	90
Metals of platinum group	87	89
Gold	73	64
Diamonds (industrial and jeweler's)	25	--
Uranium	13	16

Calculated according to: MINING SURVEY, Vol 90, No 4, Johannesburg, 1979.

Despite the existence of a fairly developed processing industry, most of the minerals mined in South Africa are intended primarily for export. This country has become the capitalist world's leading exporter of manganese ore, chromite, vanadium, metals of the platinum group, antimony, industrial diamonds, corundum and other minerals. What is more, a large portion is exported to the United States.

The United States is one of South Africa's main trade partners. In 1979 it took the lead in South African foreign trade, passing up England and the FRG. In 1980 U.S. imports from South Africa amounted to 3.4 billion dollars, and exports were 2.5 billion. Minerals occupy the most important place among U.S. imports from South Africa. For example, imports from South Africa represent around 10 percent of the manganese ore used in the United States, 30-40 percent of the ferromanganese, 35-40 percent of the chromite, 40-60 percent of the ferrochromium, around 55 percent of the vanadium, 40-50 percent of metals of the platinum group, around 30 percent of the industrial diamonds and 100 percent of all the corundum used in the country.¹² Furthermore, it is significant that all of these minerals, with the exception of vanadium, are virtually not mined in the United States. Besides this, the United States imports large quantities of antimony ore, asbestos, kyanite and other minerals from South Africa.

The South African extractive industry, particularly the gold mining branch, is now undergoing rapid development. Its rich mineral deposits, its "favorable"--in Washington's opinion--socioeconomic conditions and its high profit norm are attracting considerable sums of American capital. According to the South African magazine TO THE POINT, more than 300 American companies had branches in South Africa in 1976, and around 6,000 others operated there through Western European companies. American direct investments in South Africa exceeded 2 billion dollars by the beginning of 1981. Investors are most attracted to the South African extractive industry, which has an extremely high profit norm (30.4 percent on the

average in the 1953-1977 period). American monopolies now own a total of 25 percent of the stock in gold mining companies. Furthermore, considering the peculiarities of American statistics of direct capital investments, we can assume that American capital's share of the South African extractive industry is actually much greater than official data indicate.

It is significant that the increasing interest of American companies in South Africa in recent years has been due largely to the American military industry's need for strategic raw materials. South Africa is one of the main suppliers of these materials, particularly platinum, cobalt and uranium and manganese ore, to the firms making up the U.S. military-industrial complex. We should not forget, however, that gold and diamonds are still considered to be South Africa's main resources. South Africa accounts for a considerable share of the diamonds mined in the capitalist world, and the South African De Beers Company is the international monopoly that controls the sale of diamonds. The United States is a shareholder in this company and, what is more important, is also its biggest customer. The exchange rate of the dollar and the influence of the U.S. financial oligarchy on international currency affairs depend to a considerable degree on the flow of South African gold into the country. The fact that South Africa accounts for three-fourths of all the gold mined in the capitalist world puts this country in a special position with regard to the United States and the West in general.

In addition to this, it should be noted that the United States' extremely favorable view of South Africa stems not only from its colossal mineral wealth, but also from political considerations: In Washington's opinion, the apartheid regime could give the United States reliable economic, military and political support in the event of crises on the African continent that could cause interruptions in deliveries of strategic minerals.

Therefore, Washington regards the mineral resources of Africa as its own strategic reserve, which is expected to compensate for the shortage of many raw materials in the United States in the future. Besides this, Africa has become an important source of continuous deliveries of raw materials for U.S. industry and military needs. Finally, according to some Washington statesmen and monopolists, a few African countries with their rich mineral deposits could replace the "raw material zones" that are eluding the control of American capital.

These expansionist plans, however, have encountered mounting resistance on the part of the continent's young states, which are striving to attain economic independence and establish their sovereignty over their natural resources. In addition to all this, competition with other imperialist states has become more intense in the raw material sector of the African economies, which could give rise to new conflicts in the capitalist world and exacerbate old ones.

FOOTNOTES

1. VITAL SPEECHES OF THE DAY, 15 June 1981, p 517.
2. AMERICAN OPINION, October 1981, p 26.

3. Ibid., p 27.
4. Ibid.
5. "Materialy XXVI s'yezda KPSS" [Materials of the 26th CPSU Congress], Moscow, 1981, p 21.
6. Calculated according to: "Mineral Commodity Summaries," Washington, 1981.
7. OIL AND GAS JOURNAL, Vol 75, No 53, 1977.
8. Also see the survey by Ye. N. Kondrashov, "The Evaluation of U.S. Ore Potential," in issue No 10 for 1980--Editor's note.
9. A. A. Ozadovskiy, "SShA i Afrika: problemy neokolonializma" [The United States and Africa: The Problems of Neocolonialism], Moscow, 1977, p 38.
10. A. A. Ozadovskiy, "Monopolii i diplomatiya neokolonializma" [The Monopolies and Neocolonial Diplomacy], Kiev, 1977, p 12.
11. Anatoliy Gromyko, "Konflikt na Yuge Afriki" [Conflict in Southern Africa], Moscow, 1979, p 30.
12. Calculated according to: "Mineral Commodity Summaries."

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FAVORABLE REVIEW OF TOFFLER BOOK ON FUTUROLOGY

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 7, Jul 82 (signed to press 15 Jun 82) pp 84-88

[Review by E. Ya. Batalov of book "The Third Wave" by Alvin Toffler, New York, William Morrow and Company, 1980]

[Text] The name of Alvin Toffler--an American futurologist, journalist and public spokesman--is firmly associated in the reader's mind with "Future Shock." Toffler's book of this name, which was first published 12 years ago, became a best seller,¹ and the term he coined, "future shock" (shock resulting from the individual's confrontation by the future--that is, by dramatic changes in the conditions of his existence), has entered the dictionary.

Now Alvin Toffler has written a new book--"The Third Wave." What is it about?

"For the last few years, while I was working on 'The Third Wave,'" Toffler writes, "people kept asking me how this book differed from 'Future Shock'.... In my opinion, 'The Third Wave' is radically different both in form and in focus. To begin with, it covers a much longer period of time--the past as well as the future.... It has a different construction.... Moreover, in my earlier book...I did not attempt to sketch the emerging society of the future in any comprehensive or systematic way. The focus of the book was on the processes of change, not the directions of change. In this book, the lens is reversed" (pp 19-20).

Therefore, Toffler's primary and main objective was a "large-scale synthesis" and a "comprehensive picture of the new civilization that is taking shape in our midst" (p 18). This, however, requires a new way of looking at today's society and even a look back at earlier stages of the history of civilization.

In "The Third Wave," the entire history of social development is depicted as a series of successive, colliding and merging "waves" of civilization. All of the problems and conflicts and all of the great dramas that have been acted out on the stage of history are portrayed as the result of collisions of these "waves."

In the beginning there was the "First Wave," which he calls the "agricultural civilization." It, according to Toffler, arose around 8,000-10,000 years ago and remained dominant until approximately 1650-1750. "From China and India to Benin and Mexico, from Greece to Rome, civilizations rose and fell, clashed with one another and gave birth to endless, colorful scenes. However, beneath their differences lay fundamental similarities. In all of them, land was the basis of economy, life, culture, family structure and politics. In all of them, a simple division of labor prevailed and a few clearly defined casts and classes arose: the nobility, the priesthood, warriors, helots and slaves or serfs. In all of them, power was rigidly authoritarian. In all of them, birth determined the individual's position in life. In all of them, the economy was decentralized, so that each community produced most of its own necessities" (pp 37-38).

Even as late as the 19th century, Toffler continues, the "agricultural civilization" appeared to be quite strong, and it even seemed as though it might continue to determine the appearance of the world. But something else happened. "Around 300 years ago, give or take 50 years, there was an explosion, and its shock waves covered the earth, destroying ancient communities and engendering an absolutely new civilization. This explosion was, of course, the industrial revolution. The gigantic force it engendered and spread throughout the world, the 'Second Wave,' clashed with all institutions and changed the lives of millions" (p 137).

The dying "agricultural civilization" resisted the new "industrial civilization" for a long time. All of the military and political battles, revolutions and counterrevolutions of the 18th, 19th and 20th centuries, the American futurologist maintains, were the ultimate results of this struggle.

By the middle of the 20th century, however, the "First Wave" forces had been smashed and the "industrial civilization" reigned on earth. Its undivided reign did not last long, however, because its victory occurred almost simultaneously with the birth of a new "wave," the third, carrying new institutions, relationships and values. Toffler does not give the new civilization a name,² but its fundamentally new character is suggested throughout the book. "Much in this emerging civilization contradicts the old traditional industrial civilization. It is simultaneously highly technological and anti-industrial. The 'Third Wave' brings with it a genuinely new way of life, based on diversified, renewable energy sources; on methods of production that make most factory assembly lines obsolete; on new ('non-nuclear') families; on a new institution that might be called the 'electronic cottage'; on radically changed schools and corporations of the future. The emerging civilization writes a new code of behavior and carries us beyond the concentration of energy, money and power" (p 27).

In the hope of describing the society of the future more specifically, the author coined the term "civilization code"--a set of rules or principles that program the behavior of millions of people (p 62) in all spheres of life, from sex and sports to work and war. He analyzes the "six interrelated principles" that are made of the matrix of the "Second Wave" civilization. These were "standardization," "specialization," "synchronization," "concentration," "maximization" and "centralization." In the same way as the genetic code, they determine the basic features of the institutions and values of the "industrial world." They penetrate all of

the spheres into which the author of "The Third Wave" divides society: the "technosphere," which includes the "energy system, the production system and the distribution system"; the "socio-sphere," or forms of social organization, from the family to the government agency or corporation; the "info-sphere," or the system of mechanisms for the production and distribution of information.

Obviously, a "fundamentally new" code prevails in the "Third Wave" civilization. But it soon turns out to be the same code operating in the "industrial society," but in a reverse. "Standardization" and "specialization" make way for "destandardization" and "decentralization," "synchronization" is replaced by "desynchronization" and so forth. In short, the new world, as has been the case numerous times in history, is depicted as a contrast to the deposed old world. Pluses have been replaced by minuses, black has been replaced by white and evil has been replaced by good.

Toffler the philosopher is misled by the desire, which is typical of reformers with a Messianic frame of mind, to construct a universal theory of civilization and to ultimately bring good fortune to people, who "are like a ship's crew, trapped in a storm and trying to navigate between dangerous reefs" (p 18) and who need a compass and a good chart. Just as all creators of universal schemes, Toffler is ruthless in his treatment of real history. He commits indiscriminate omissions, equates the unequatable and connects the unconnectable just for the sake of the result he desires. Ancient Egypt, ancient Greece, the medieval Arab East and 17th century England all look alike to the American futurologist, just as all of the countries of today's world "located between the 25th and 65th parallels of the Northern Hemisphere," including the Soviet Union, the United States, Japan, Sweden and France, all look alike to him.

The author of "The Third Wave" is well aware of the consequences of contrived historical accounts. "It is easy," he writes, "to point out that agricultural civilization consisted of quite different cultures, and that industrialism has gone through many successive stages of development. Of course, one could divide the past (and the future) into 12 or 38 or 157 pieces.... For our purposes, the simpler distinctions are more useful, even if they are more gross" (p 20). In other words, Toffler frankly admits that his "waves" are no more than clever constructions invented by the futurologist to prove a specific idea and reinforce specific conclusions. When he discusses real social and political processes and the course of history, however, he forgets this, and this forgetfulness certainly leaves traces.

No matter what industrially developed country Toffler is discussing--Sweden, Japan or the Soviet Union--and no matter what facets of their life he analyzes, he sees common basic problems, conflicts and prospects everywhere. In all of the developed countries, he finds common structures, which exist "regardless of their cultural or climatic differences, regardless of their ethnic or religious heritage, regardless of whether they call themselves capitalist or socialist" (p 52).

By equating capitalism with socialism, Toffler strays as far from the truth as the ideologists who became obsessed with meaningless schemes and unproductive abstractions and who allege that capitalism and socialism are "direct opposites"

in all respects, that they have no common problems or objectives, and that the search for a common language, which would allow the sides to understand one another and thereby avoid making irreparable errors, is completely futile, if not dangerous.

The real picture is richer, more complex and certainly more contradictory than anyone's dimensional scheme. No serious researcher who adheres to the principles of dialectics would suggest that today's capitalist and socialist countries are separated from one another by the Wall of China or that they have no common features, common problems and related common conflicts. The existence of common features was quite clearly revealed in recent decades, when "the world encountered qualitatively new problems, whose distinguishing feature was their global nature."³

All countries, especially the industrially developed ones, are now faced with the need to plan ways of protecting the environment and uniting international efforts in this field. All countries must give serious thought to new energy sources, more efficient forms of production organization and more effective systems of management. All countries must face the urgent problem of stopping the arms race and preventing a new world war. All of these are genuinely common problems, which have no direct connection with the nature of the particular social order and which are capable of engendering certain common consequences or even common groups of problems.

Nevertheless, capitalism is capitalism and socialism is socialism. The serious observer will have no great difficulty in seeing that the capitalist and socialist countries use different, sometimes diametrically opposed methods to solve even identical problems and conflicts and that they do this with the aid of social and political mechanisms that differ considerably. Therefore, the practice of putting all of these countries under the common roof of the "industrial society" artificially oversimplifies the world and oversimplifies the actual course of its development.

Toffler is apparently aware of this. His theory of historical development, however, is of a purely practical, "applied" nature, as we have already pointed out. Using it as a basis, the American futurologist wants to prove that the "industrial society" is experiencing a period of severe decline and must make way for a new structure. There was a "thesis"--the "First Wave," which engendered the "agricultural civilization." There was an "antithesis"--the "Second Wave," which engendered the "industrial civilization." Now there will be a "synthesis"--a "Third Wave," which will engender a fundamentally new type of relations and will raise mankind to a new level of development. Therefore, Toffler is motivated by progressivist convictions, and his convergent approach is the methodological premise substantiating his theory of civilization.

The American futurologist not only speaks as a philosopher in his new book, speculating about the future development of human society and inventing new schemes. He also speaks as a social critic. It would, he says, of course be wrong to regard the "industrial world" only as "an air-conditioned nightmare, a wasteland or an unmitigated horror." But it would also be wrong to ignore its defects and flaws--if, indeed, we want to correct something and make human life better. "I detest the ways in which industrialism smashed the "First Wave" and crushed the

primitive peoples. I cannot forget the way it gave war a massive scale, invented Auschwitz and unleashed the atom to incinerate Hiroshima. I am ashamed of its cultural arrogance and its depredations against the rest of the world. I am sickened by the waste of human energy, imagination and spirit in our ghettos and barrios"⁴ (pp 137-138). Toffler discusses the ecological crisis resulting from the predatory attitude toward nature; the flaws in the political system of the "industrial society"; the spread of mental illness, drug addiction and alcoholism and the disintegration of the family.... As a result, whether the author of "The Third Wave" wants to or not, he provides the critics of contemporary capitalism with convincing proof of its decay and proves that the only escape from the situation and the only realistic way of overcoming existing contradictions lie in the creation of a new civilization.

It must be said that the chapters in which he describes this new civilization and tries to determine the directions scientific and technical development, production, the organization of labor, family life and other relations will take in the next few years, are among the most interesting and informative chapters of the book. Obviously, much of this material is debatable, but Toffler summarizes abundant factual information, derived through the study of a large group of literary sources and through personal meetings and conversations with representatives of corporations, politicians and public spokesmen, and also presents his own observations, based on numerous trips to various countries.

We will not paraphrase the contents of these chapters, because they are the ones that are presented in digest form below [digest not translated by JPRS]. We will simply note that much of what Toffler writes is pertinent with regard to the burning problems of the present day, although it is not always of a global nature and does not apply equally to all industrially developed countries.

Some of the issues he discusses and some of the ideas he puts forth have been the subject of lively discussion in recent years on the pages of futurological and specialized scientific magazines and in the scientific community.

Whether Toffler is repeating previous conclusions or stating truly original ideas and making original observations, he is able to present his material in a lively and sometimes even dramatic manner. Even when his statements do not sound completely convincing to the reader, they force him to give serious thought to what is happening in the familiar world around us.

FOOTNOTES

1. The Soviet reader had an opportunity to read excerpts from this book in the journal INOSTRANNAYA LITERATURA (1972, No 2).
2. In "Future Shock," Toffler said that the "industrial society" would be succeeded by a "super-industrial society." Now he believes that this term is "inadequate" (pp 25-26).

This footnote and subsequent ones are the observations of the author of the digest.

3. A. Peccei, "Human Qualities," with a commentary by D. M. Gvishiani, Moscow, 1980, p 284.
4. Barrios are American urban slums with a prevalence of Puerto Rican and Mexican inhabitants.

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EXECUTIVE MANAGEMENT IN U.S. CORPORATIONS

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 7, Jul 82 (signed to press 15 Jun 82) pp 100-109

[Article by L. I. Yevenko and A. N. Isayenko]

[Text] The economic difficulties of the United States at the beginning of the 1980's have forced American business to seek new solutions to many problems. One of the main ones is the problem of executive management. In the last decade the absolute and relative numbers of administrators and office personnel rose constantly and by 1979 the figures were close to 30 percent of the total labor force, or 28.1 million people, including 10.5 million (11 percent) managers and administrators on all levels, with 1.5 million of them in industry.¹ The continuous difficulties in the economy have been accompanied by a more rigid personnel policy in industrial companies, aimed at obtaining a higher return on each administrator from the standpoint of the individual's contribution to the attainment of the goals of capitalist enterprises. This process has been accompanied by an intense search for new forms and methods of work with administrative personnel, particularly in large corporations.

Many of the principles of personnel management in the United States took shape under specifically American conditions and differs significantly from the approaches used in Western Europe and Japan. The American system regards administrative activity as a separate profession and therefore has the capitalist world's most highly developed network of academic institutions, centers and special programs for the training, retraining and advanced training of administrators. Industry in the United States is marked by the high mobility of administrative personnel both within firms and among them and the widespread use of special-program, matrix administrative structures, which require special professional skills.² The development of the American systems of personnel placement, evaluation and incentives is influenced not only by objective requirements but also by the traditional American emphasis on individualism, personal success, winning, etc.

It might seem that professional appointments, the size of salaries and bonuses and professional promotions in the United States depend only on actual administrative ability. The majority of American authors cannot deny, however, that the individual's personal wealth, origins and family and other connections are always taken into account when candidates are considered for high-level corporate positions.

System of Personnel Management

Questions connected with the improvement of personnel management in U.S. firms became particularly pertinent in the 1970's. The "executive boom" which began in the postwar period led to a recognition of the importance of the managerial function and the professional qualifications of personnel performing this function. Many prominent businessmen, political scientists and sociologists ascribed the improved economic conditions and heightened effectiveness of production in the 1960's to the "special qualities" of the administrators of American firms, which had supposedly developed in connection with their realization of their role in the protection of the interests of capital and in connection with the reorganization of forms of personnel training and advanced training.

In the last decade, however, new requirements were made on management. Just as in other spheres of economic activity, the better and more efficient use of costly and scarce manpower in the executive category began to acquire more significance in the ability of firms to withstand competition and adapt to changing economic conditions. A negative situation was taking shape, however. The productivity of administrative labor rose by only 4 percent in the 1970's, and this indicator is expected to decrease in the future. The level of technical equipment per office position in the United States is now only one-twelfth as high as the level in industrial production and one-seventeenth as high as the level in agriculture.³

The firms which assign priority only to the incorporation of the latest administrative methods and the reorganization of formal organizational structures and decisionmaking procedures without instituting painstaking work with personnel did not obtain the desired results. Summing up the results of a study of the organization of personnel departments in electronics and instrument building firms, DUN'S REVIEW reported that "the majority of firms in California were founded by businessmen with a good technical background but little interest or skill in managerial affairs. These firms grew so quickly that they did not have time to establish the necessary personnel department.... They ignored programs for the advanced training of personnel and other elements of the modern career development system."⁴ This was the reason for the failure of many firms and the huge losses suffered by others.

In spite of the relatively high salaries, bonuses and various benefits offered to engineering and administrative personnel, the rate of turnover in these areas reached 30 percent at the turn of the decade--the highest level in the entire existence of these branches. On the other hand, such companies as Hewlett-Packard, Intel and Tandem Computers, which took the trouble to establish well-planned personnel management systems, were able to reduce the rate of turnover among high-paid personnel categories to 10 percent or lower. Today the failure to put the entire system of personnel management on a new basis, according to American researchers, "could cause the firms which fail to do this to experience serious upheavals in the future, and this future is not far off."⁵

The measures now envisaged by "Reaganomics" are only complicating the personnel situation in firms. With the energetic support of the administration, business is trying to exert more pressure on the labor market, on white-collar as well as blue-collar workers, and this is also affecting managerial personnel on the lowest

and middle levels. The growth of unemployment, the reduction or cancellation of several social guarantees and the increased dependence of social security on business are all heightening "social stress" in business organizations. On the one hand, this gives their top-level managers more incentive to learn the latest methods of personnel management and, on the other, it tends to expand the practice of economic coercion in work with production personnel as well as with administrators and engineers. The upper echelon of management is acquiring more and more leverage, despite the broader authority granted to personnel in the production spheres.

The methodological basis of changes in work with personnel is the concept of "human resources," which regards them as something equivalent to the permanent capital of a firm. Production workers, managers and administrative and engineering personnel are the objects of capital investment. On the one hand, it is becoming more costly (wages account for more than 40 percent of the expenditures of many firms) and, on the other, it is becoming increasingly important and even scarce, because the transfer of production to primarily intensive channels of development is unthinkable without more effective management.

This has given rise to several tendencies. First of all, the rising demand for highly skilled administrative personnel with specific business and professional qualities and the increasing competition in this field are creating the necessary conditions for the improvement of managerial training and retraining systems. The second tendency is a comprehensive approach to personnel management throughout their "life cycle" in the firm (from the procedures of executive search and hiring through their mastery of their profession and improvement of their skills to their resignation). The third is the more precise definition of the economic criteria for the evaluation of personnel efficiency. The capital invested in people is recorded in special accounts in many firms, is depreciated and is written off like any other form of capital.

It is becoming a more widespread practice to keep accounts not only of wages and labor outlays, but also all direct and indirect expenditures on human resources. It has been calculated, for example, that expenditures on the replacement of managerial personnel were 3,000 dollars on the average for a foreman's position, around 15,000 dollars for a mid-level manager and 30,000 dollars or more for a top-level manager at the beginning of the 1970's. Now these expenditures are even higher. Expenditures on the improvement of the qualifications of "human capital" include the cost of training, the wages paid during the training period and compensation for the worker's traveling expenses (and, in cases involving long retraining periods, the cost of moving their families). These sums can be quite high.⁶

The funds invested in "human capital" must be amortized within a certain amount of time and a high rate of personnel turnover, the premature loss of the ability to work and unsuitability for the position are regarded as capital losses. Some of the special privileges granted to corporate personnel might seem quite lavish on the surface but they actually reduce losses and are generally determined strictly on the basis of cost effectiveness. "Even free medical care for top-level administrators," a leading American magazine remarked, "and counseling on

taxes and personal financial planning...are regarded by companies as a means of guaranteeing the well-being of the firm's human assets."⁷

The main innovation which is now being used by many large firms in connection with this is the medium-range and short-range planning of their supply of executive personnel. These plans are recorded in the form of so-called "career management" or "career development" programs and "human resource management" programs. The most characteristic features of these programs are precise calculations of future executive vacancies and the individual planning of the careers of each manager and specialist in line for promotion. This kind of detailed approach became possible largely as a result of the widespread use of computers for the collection and storage of questionnaires and other data on administrative personnel covering a broad range of parameters. These data are stored in information retrieval systems.

A typical career management program presupposes the determination of the firm's demand for highly skilled personnel over the next 5 years; the substantiation of their salary rates with a view to a broad range of factors; the annual evaluation of the performance of all managers and specialists, as well as regular evaluations of their personal qualities and potential; consultations with personnel to determine their prospects for advancement and their personal inclinations. The programs also include estimates of the need for executive retraining and advanced training; plans for the possible transfer of personnel and the compilation of individual "executive development" plans in connection with this (including the determination of the possible positions the manager could occupy in the future, his retraining and advanced training needs, assignments in other organizations or in other positions, etc.). Personnel departments often assign workers a (secret) code number to designate their "value" on a scale of five: Five means that the worker's resignation would be an irreplaceable loss for the firm; four means that it would be extremely difficult to replace the worker; three means that the worker can be replaced; two means that his resignation would not have much of an effect on operational results; one means that the worker should be dismissed. Personnel policy with regard to specific managers and specialists rests on this basis. More young middle-level managers in line for promotion are now supplementing their basic 4-year education leading to a bachelor's degree with a master's in business administration by attending a business school full-time for 2 years or by taking evening or correspondence courses. Only a few managers of functional subdivisions have a doctorate, which calls for 3 or 4 years of post-graduate work and the defense of a dissertation.⁸

As a rule, the cost of this education is paid by the ambitious worker, but some large firms put together a personnel reserve are putting young workers aged 25 to 30 with a higher education and at least 3 years of service in the firm through a full-time 2-year course of study and are putting more experienced workers aged 35 to 40 through more prestigious programs. The process by which personnel are selected to participate in these programs is an extremely thorough one. The student has two meetings with representatives of the firm during vacations to discuss his career possibilities and the position he hopes to occupy (two or three levels above his previous position). The worker is then obligated to stay with the firm for at least 3 more years.

Private American companies spent a total of 1.2 billion dollars in 1976 on managerial training and advanced training (in all areas) and in 1982 the figure should reach 2.2 billion dollars.⁹ It is interesting that 62 percent of the total was spent on intraorganizational "executive development" programs, 27 percent took the form of grants paid to students for books and technical aids, and only 11 percent went to academic centers to pay for the worker's attendance of seminars and retraining programs outside the firm. Special programs for managerial personnel are being set up by 670 American universities and colleges and training has been organized on a broad scale by the American Management Associations (3,000 seminars a year with total expenditures of 100 million dollars in 1980). In recent years, counseling firms have also organized many such training programs. Managerial retraining and advanced training programs play an important role in supplementing other elements of modern personnel management systems.

Salaries and Incentives

When executive management systems are being planned, monetary rewards are of decisive significance. They are based on the price of the labor of hired managers (particularly those on the lower and middle levels) in the labor market. They are also based on many other factors, which determine the motivation of managers who guard the interests of capital and operate under the specific conditions of concrete organizations. Summing up the results of a study of corporate managerial salaries, American researchers A. Filley and R. House write: "Although there seems little doubt that economic incentives are of decisive significance, financial incentive programs vary under the influence of such factors as the social status and education of workers, the nature of the work they perform, informal standards in the attitude toward labor and the size of the work force."¹⁰ Despite all of the variety in these systems, they have certain common features stemming from a modern approach to this complex problem.

Above all, to ensure the effectiveness of financial incentives, measures are taken not only to ensure a high absolute salary level, but also carefully substantiated differences in the salary levels of various categories of personnel. The following correlations are now prevalent in U.S. industry. Managers on the lowest level (so-called operational managers--foremen, group supervisors, etc.) receive an average annual income 1.5 times as great as that of industrial workers, although minor administrators can receive the same salary as skilled workers. In a few cases, highly skilled workers or workers in scarce professions are given higher salaries than low-level managers by firms which have a special need for these workers. The income of mid-level managers is generally almost 2.5 times as great as that of workers, and this gap has widened in recent years. Top-level managers are essentially in an exclusive position with regard to salary levels and forms of payment, which makes their social status extremely close to the status of the owners of firms even when they are not the owners.¹¹

This significant difference between salary levels is naturally influenced by the class nature of personnel policy in firms, and this has been mentioned in several studies by American sociologists. Something else has also been noted, however: If the income of managers on the highest levels of the professional hierarchy is not sufficiently higher than the compensation paid on lower levels, less will be

required of managers and specialists, it will become too easy to create additional managerial positions in the administrative system and this will impede the augmentation of labor intensity and the responsibility of managerial personnel. The number of high-paid managers must be limited, but their workload and, consequently, the demand for the results of their activity must be much higher than for persons who do not bear the burden of responsibility. Many modern personnel management systems rest on this principle.

Another important question is connected with the forms of payment which promote a maximum return on the funds invested in "human capital." This is a complicated question and is still the subject of serious debates, but many researchers and specialists are more and more inclined to believe that the "base salary" (some kind of recognized minimum compensation for the work) and guaranteed "supplementary" forms of compensation (for seniority, for membership in a particular professional group and for the profitability of the entire firm) do not stimulate a constant rise in labor productivity. This purpose is best served by so-called "differentials" (raises, bonuses and so forth) which reflect individual differences in the results of the labor of people who occupy the same position or of small groups performing comparable operations. This is why modern managerial salary systems in the United States are connected so closely with the forms and procedures of performance evaluation, rating and professional advancement.

In the last decade there has been a tendency toward the more pronounced differentiation of managerial salaries under the influence of many factors, including the personal qualities of managers and the direct results of their activity. Salaries are set with a view not only to the official status of the managers and the place occupied by his subdivision in the organizational hierarchy, but also to the importance and complexity of his functions. Salary differences are quite often influenced by the combination of administrative functions in several spheres of activity, which is particularly characteristic of small firms. Salary rates can be set with a view to the quality of performance as well as the nature of the job. For this reason, the salary for any position is generally set in the form of a scale. The size of the salary is generally stipulated in a contract for the next few years, but it envisages the possibility of "merit" raises--that is, raises which depend on the concrete results of the manager's labor.

One widely used method of managerial stimulation is a salary with a large variable portion, particularly with regard to bonuses. The size of the bonus can differ considerably. For example, Analogue Devices (an instrument-building firm) uses the "normal" bonus, which is guaranteed by the attainment of average branch indicators, but the actual size of the bonus can range from 0.29 to 4 normal levels depending on the level of specific indicators. For the top level of management the normal bonus is 25 percent of the annual salary, amounting to around 50,000 dollars, for the middle level it is much lower, just as the base salary, and for shop administrators and senior specialists in plant subdivisions the bonus is only around 10 percent. The maximum bonus is 100 percent of the annual salary for the top level and only 20 percent for low-level management. This differentiation is substantiated by the fact that administrators on various levels have varying degrees of influence on the final results of company operations and are not equally accountable to the company owners.

In the giant corporations the top echelon of managers (corporate presidents and vice presidents, general managers of divisions and others) sometimes receive only a third of their compensation in the form of a guaranteed salary and receive the rest only if the results of their activity and of the entire firm are successful. Therefore, their annual income can double or triple depending on the results of the work of their subordinate divisions. If we also consider that this category of administrative personnel might be offered several additional privileges that are not offered to other categories (sales of stock on preferential terms, the use of company vehicles, the payment of membership fees in clubs, regular medical examinations, which are quite costly in the United States, and so forth), we can see the economic basis for the merger of the social stratum of top-level managers with the capitalist class.

The extremely differentiated nature of bonus systems is striking. According to American experts, they should reflect a "reciprocal connection" with the concrete results of managerial activity. The practice of American management is based on the assumption that the results of the decisions and actions of the majority of managers will be reflected in the production and financial achievements of the firm after a period of 3 months, although there are a few branches where this feedback is quicker--in retail trade, for example. Bonus systems are constructed in accordance with this assumption. Bonuses are paid annually in some corporations and quarterly or semiannually in others, but no more frequently. The payment of compensation in one large sum depending on annual (or semiannual) results has, as social psychologists have learned, much more stimulating force than more frequent smaller payments.

The principle according to which managers cannot be given incentives only for the short-term results of production and economic activity has recently acquired particular significance. It has been noted that the improvement of short-term indicators always presupposes the possibility of the manipulation of these indicators by managers through the disruption of production rhythm, the intensification of more "profitable" operations and even the falsification of reports. Various methods are used to calculate the long-range results of managerial activity in incentive systems. The simplest method consists in the payment of bonuses depending on the indicators achieved over a period of a few years, usually 3 years. This, however, is considered to be inadequate. This is why firms are making more extensive use of various profit-sharing systems, particularly by selling managerial personnel stock at prices below the market cost.

Options now play the main role in the system of incentives for long-range results. The option is an agreement which allows the chairman of the board or a stockholders' meeting to acquire a certain quantity of stock at a fixed price for a period of 5 or 10 years. If the stock rises during this period, the chairman receives the difference. This gives him a special incentive to increase firm profits; if this does not occur, he derives no benefits from his option.

The option is a specifically capitalist form of incentive. But the principle according to which the income of an administrator depends largely on the future results of the firm's activity, which he can influence, rather than on past or current results, is extremely important. It is interesting that this principle

has recently been further developed in a number of new forms which are unconnected or only slightly connected with stock capital. Firms base future monetary compensation on a system of special indicators, representing quantitative measurements of the future economic status of the firm, taking into account not only possible changes in stock prices, but also the profit level, market expansion, sales volume and other elements of operational results.

Until recently the option was used as an incentive primarily for the top levels of management, and the two main administrators (the chairman of the board and the president of the firm) received 10-15 percent of the total stock sold. According to a survey of 250 efficiently operating firms, the option generally gave the men in these positions income exceeding their salary and bonuses combined. Companies are now using the option on the middle level of management as well. On the whole, around 80 percent of the 500 largest U.S. corporations are using various forms of options on different levels. The percentage is lower in the case of mid-sized and small firms, but it is rising quickly. Between 1977 and 1979 the number of firms using the option doubled, with 34 percent of the firms (instead of 15 percent) using it for a period of 5 years, 24 percent (instead of 9 percent) for 10 years and 8 percent using both forms of incentives. The use of "conditional options" increased quite dramatically in the 1970's. As BUSINESS WEEK magazine remarked, "the slow but steady development of a tendency toward salary systems which actually serve as compensation for long-range operational results" can be seen in American industry.¹²

Professional Rating and Advancement

The attempts of American industrial companies to turn personnel management into a definite system are now based on the closer coordination of managerial wages and incentives with the procedure of their professional rating and advancement. The most important current tendency in this area is the more widespread evaluation of the individual results of the labor of managers and specialists, as well as an individual approach to their training, retraining and professional advancement. This establishes stronger control over each member of the administrative staff and heightens labor intensity but simultaneously augments its productivity.

In the second half of the 1970's the evaluation of individual performance became the central element of the entire personnel policy of American firms. It is gradually taking the place of the normative approach, which envisages the payment of bonuses to all workers or subdivisions for the completion of an overall assignment, regardless of the personal contribution of each individual workers.

The individual performance evaluation is used to determine the size of the salary and bonuses, to judge the worker's suitability in his job and the expediency of his promotion or transfer, to reveal shortcomings in the organization of labor and the use of manpower and to calculate the need for advanced training and retraining.

The main difficulties in its incorporation consist in the need to establish fairly precise criteria of the operational efficiency of each manager, the cumbersome and complex nature of the evaluation procedure, which is supposed to ensure the more or less objective summation of results, and the organization of specific

measures to reward or punish workers in accordance with the actual results of their rating. It has been acknowledged that this kind of evaluation unavoidably contains a subjective element and therefore cannot be absolutely precise. It also heightens the inclination of American managers toward individualism. From the standpoint of its "stimulating effect," however, it has produced significant results in the United States.

Today these individual performance evaluations cover 30 million American white-collar workers (half of the total number) and the overwhelming majority of administrators.¹³ The practice has been instituted in up to 70 percent of all large and medium-sized industrial firms, all federal agencies and more than half of all state and local government offices.

The individual evaluation is generally based on "performance standards" set for each worker--quantitative and qualitative descriptions of the tasks which must be performed in the given year. For administrative personnel, these "standards" reflect not only personal results, but also, and mainly, the indicators of the work of their subordinate divisions. They are set according to the firm's goals for the coming year. This is the well-known principle of "goal-oriented management" in action.

The specific methods used to evaluate the performance of managers differ. Special evaluation forms are used for this purpose, with detailed instructions on what kind of performance should be regarded as poor, good or excellent; written analyses of operational results are also used to substantiate the evaluations. The worker signs the evaluation form after he has read it and can express his objections, also in written form.

The incorporation of these innovations requires a specific level of management organization. American corporations generally clearly delineate the personal responsibilities of executives, and these must be reflected in job instructions, which stipulate the duties, rights, resources, information flow and professional interaction for each job. It should be stressed, however, that personnel departments are striving to exclude oversimplification and formalism from individual performance evaluations, although they use quite different indicators. They must prevent the unsubstantiated encouragement of inefficient work on the part of some employees even if the work of the entire subdivision has been satisfactory. Formal evaluations of the performance of top-level managers are considered to be particularly unacceptable.

It is often stressed that managers on higher levels should participate directly in the evaluation of managers and specialists on lower levels, which ensures uniform requirements, a complete evaluation and broader opportunities for the provision of incentives to particularly outstanding personnel. For example, the vice presidents of General Motors, where more than 7,000 people work, personally evaluate 6,500 managers of subdivisions.

It is assumed that circumstances beyond the control of the worker whose performance is being evaluated should not have a significant effect on the size of his salary, or should have minimal influence in any case. Whereas the evaluation of

operational results has the greatest effect on managerial salaries and incentives, the evaluation of their potential--professional, business and ideological qualities--is the most important consideration in appointments and promotions.

If the need arises to seek a candidate for a position outside the corporation, top-level management often enlists the services of consulting firms, which find candidates for vacancies and guarantee their suitability for the position. These firms study the executive market, contact professional associations and join forces to find and place managers and specialists. The advantage of these firms is their use of approved methods of evaluating the professional and personal qualities of candidates. As independent organizations, they can evaluate and verify these qualities more objectively than the personnel departments of corporations.

Industrial companies pay these firms a commission for finding the right candidate, ranging from one-fourth to one-third of his projected annual salary.

"Evaluation centers" perform important functions in the selection of candidates for managerial positions on the lower level (and less frequently on the middle level). Their main function is to find workers who are capable of management in principle and to objectively evaluate this capability. Each evaluation center is a 2- or 5-day program of tests for candidates, most of them conducted by specially appointed production supervisors (plant or shop heads) and their assistants, and not by psychologists (they only help to compile the program and organize its implementation).

One of the serious problems which arises when people are appointed to positions on the highest and middle levels of management is the frequent discrepancy between the requirements of the specific job and the actual educational background and previous experience of the candidates for the position.

The typical top-level manager of an American company usually works in three or four different functional divisions before he is appointed president or vice president. Only one-fifth of the managers in American industry have always worked in a single functional sphere (in England the figure is 43 percent). As a result, practical experience is becoming a more important factor in executive appointments than educational background. "Rotation" is used as the chief method of training general executives, or "generalists," and overcoming the functional (for example, purely engineering or commercial) limitations of their views on problems encountered by the company. The highest percentage of candidates for the offices of company presidents and vice presidents come from their financial divisions (23 percent) and marketing divisions (22 percent)--that is, the spheres where "money is made" and where the final goal of the capitalist firm is attained. Only 15 percent come directly from engineering divisions, although many top-level managers have also undergone technical training at some time.

Another method of preparing the candidate for a particular executive position consists in the use of a lengthy and gradual procedure for his introduction to this office. Experience has shown that individuals from outside the firm (particularly the relatively young ones) who are promoted to mid-level managerial positions can take up to 12-18 months, even if they are highly qualified, to adapt

to the specific conditions of the firm and learn all of the details of its production. This is why several companies initially place recommended business school graduates with the necessary professional knowledge in a lower-ranking position or assign them special duties connected with their future area of operations. They are paid the salary of their future position, with the difference covered by the centralized fund for managerial training and advanced training.

All of these current tendencies toward the improvement of forms and methods of executive management are the result of investigations and experiments; the need for them is connected with the objective requirements of present-day capitalist production, which presuppose, under the conditions of more intense class struggle and the growth of domestic and foreign monopoly competition, certain changes in the sphere of administrative labor to heighten the economic effectiveness of production and to consolidate the influence of the powers that be.

FOOTNOTES

1. MONTHLY LABOR REVIEW, November 1980, p 65.
2. SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA, No 7, 1981, pp 104-111.
3. DUN'S REVIEW, March 1980, p 129.
4. Ibid., July 1981, p 60.
5. TRAINING AND DEVELOPMENT JOURNAL, July 1980, p 5.
6. The cost of attending a 5-week program at Cornell University, for example, is 4,000 dollars; a 9-week program at the Massachusetts Institute of Technology costs 9,000 dollars; a 30-week program at Harvard University costs 20,000 dollars. For each person attending the Sloane School of Business' 2-year program, one of the most prestigious in the United States, IBM spends 125,000 dollars (this figure includes the payment of the individual's salary while he is attending school, the cost of moving his family, etc.).
7. U.S. NEWS AND WORLD REPORT, 7 September 1981, p 62.
8. In 1978, bachelor's degrees were awarded to 161,300 people majoring in economics and administration in the United States (17.5 percent of the total number of graduates in all fields of knowledge), master's degrees were awarded to 48,500 (15.6 percent) and doctorates were awarded to 867 (2.7 percent). A master's degree in business administration (or a comparable degree) is considered to be extremely desirable for an administrator, even if he already has not only a bachelor's degree but also a master's degree in the technical, natural or other sciences.
9. L. D. Filippova, "Vysshaya shkola SShA" [Higher Education in the United States], Moscow, 1981, p 227.

10. A. Filley and R. House, "Managerial Process and Organizational Behavior," Glenview (Ill.), 1969, p 371.
11. A. A. Kokoshin, "Monopolies and Power," KOMMUNIST, No 5, 1982.
12. BUSINESS WEEK, 11 May 1981, p 41.
13. HARVARD BUSINESS REVIEW, November-December 1980, p 186.

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BOURGEOIS VIEW OF POSTWAR SOVIET-AMERICAN RELATIONS

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 7, Jul 82 (signed to press 15 Jun 82) pp 114-115

[Review by G. I. Svyatov of book "Sovetsko-amerikanskiye otnosheniya poslevoyennogo perioda v burzhuaiznoy istoriografii SShA" [Bourgeois American Historians' View of Postwar Soviet-American Relations] by N. I. Yegorova, Moscow, "Nauka," 1981, 189 pages]

[Text] The author of this work wanted to trace the evolution of American bourgeois historical thought during the period when the American policy of dealing "from a position of strength" and the "cold war dogma" were discredited and the U.S. ruling class realized the catastrophic consequences of nuclear war. The author is mainly concerned with two interrelated problems: postwar U.S.-Soviet relations during the time when the United States developed its "tough line" and "cold war" philosophy, and the search conducted by American bourgeois historians for an alternative to this policy in connection with the relaxation of international tension and the improvement of Soviet-American relations at the beginning of the 1970's.

The study of the American historian's view of Soviet-American postwar relations proved to the author that the number of bourgeois critics of the policy of "globalism" and "cold war," the bases of which were laid in the foreign policy of the Truman Administration, rose during the 1960's and 1970's in the United States. These critics used many of the ideas of the American liberal historians of the 1940's. They ascertained, the author points out (p 170), the presence of hegemonistic intrigues in American ruling circles, their nearsighted view of the actual balance of power in the postwar world and their unfounded exaggeration of the myth of the "Soviet threat," which had a negative effect on American-Soviet relations.

Despite the fact that rightist forces took the offensive at the turn of the decade and are exerting strong pressure on American public opinion with regard to the value of the policy of detente and relations with the USSR, the author believes that these forces cannot return the country to the foreign policy consensus of the 1950's. It is not only that irreversible objective changes have taken place; they have strengthened the sociopolitical forces in the United States that are convinced that a normal working relationship with the Soviet Union, with an emphasis on cooperation to curb the nuclear arms race, will be necessary from the standpoint of common sense and vital U.S. interests.

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LENINIST BASES OF SOVIET POLICY

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 7, Jul 82 (signed to press 15 Jun 82) p 115

[Review by D. A. Makarov of book "Leninskiye printsipy rukovodstva sovetskoy vneshney politikoy" [The Leninist Principles of Soviet Foreign Policy Management] by F. F. Petrenko and V. V. Popov, Moscow, "Mezhdunarodnyye otnosheniya," 1981, 301 pages]

[Text] This book is a solid scientific work which analyzes the extremely complex issues connected with Soviet foreign policy and contemporary international relations. The authors make a special effort to point out the fundamental differences between the foreign policy of the socialist countries and the capitalist states' practice of international relations.

Extensive material is cited to clearly and cogently demonstrate the class essence of U.S. foreign policy, which is quite apparent in the support of undemocratic dictatorships in Chile, Paraguay, South Korea, El Salvador and South Africa by monopolistic circles in the United States.

The authors expose the notorious campaign in defense of "human rights" and all of the commotion started by Washington and fueled by the American mass media in this connection, revealing its hypocrisy and falsity, because human dignity and the rights of the individual are being restricted more cynically and uncereemoniously in capitalist countries than anywhere else.

This work by F. F. Petrenko and V. V. Popov is distinguished by its logical arguments, thoroughness and accessible style and contains many keen observations and profound conclusions. The authors describe the great variety of truly titanic efforts of the CPSU to implement the Leninist foreign policy of the USSR.

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AMERICAN INTERNATIONAL BANKS

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 7, Jul 82 (signed to press 15 Jun 82) p 116

[Review by A. A. Movchan of book "Klan 20-ti. Mezhdunarodnyye banki SShA" [The Clan of 20. U.S. International Banks] by V. F. Zhelezova, Moscow, "Mysl'," 1981, 254 pages]

[Text] American banks occupy a prominent place among the transnational banks classified as giants on the basis of the scales of their activity, the diversity of their operations and the scope of their internationalization. The subject of this review is an analysis of the latest tendencies in their international expansion.

In contrast to other works by Soviet researchers about the activities of international capitalist banks, this author's analysis focuses on the continuous interaction of U.S. industrial and banking capital.

The author correctly categorizes a bank as an international monopoly if its level of international capital concentration allows it to regulate world economic relations in its own profit interests (p 85). Using this as the basic criterion, the author discusses 20 of the largest U.S. banks, which make up the nucleus of American capital's international banking empire. They account for more than 90 percent of all foreign loans and 80 percent of the affiliates of American banks.

The author analyzes three groups of factors involved in the American banks' international expansion: One group operates on the level of the bank's own capital, another operates on the national economic level, and a third operates on the level of the capitalist world economy. She also distinguishes between four stages of postwar internationalization of the U.S. banking business. She presents an interesting analysis of the mechanism of the expansion of the 20 giant banks in dozens of countries--its forms and methods, the structure of international banking operations and the distinctive features of international banking groups.

In a study of the characteristic features of banking expansion, the author traces the development of various ties connecting transnational industrial corporations with transnational banks (TNB), which are gradually turning the latter into an essential condition for transnational corporate financial operations on the supranational level. "Without the 'clan of 20,' neither the currency backing of international business nor the formation of the patterns of American transnational corporate ownership would be possible under present conditions" (p 194).

The author examines the new forms of the international merger of transnational corporate and banking capital in their contradictory interaction with the state-monopoly capitalism that gave birth to them.

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'FOGGY BOTTOM' TODAY

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 7, Jul 82 (signed to press 15 Jun 82) pp 117-123

[Article by S. I. Lobanov]

[Text] "Foggy Bottom" is not a literary image; it is the name of a Washington neighborhood where the U.S. Department of State has been located for two decades. In the 200 years of its existence, this department has moved several times, but ever since the construction of its new building was completed in 1961, the address of the State Department, just as Whitehall in London and the Quai d'Orsay in Paris, has become a common noun. This play on words has tempted more than one English-speaking author writing about these matters.

The history of the State Department begins with a resolution adopted by the Continental Congress on 10 January 1781, in accordance with which a department of foreign affairs was created. The extremely limited foreign contacts preceding this resolution were the responsibility of the Committee of Secret Correspondence, which was established by the Continental Congress in 1775 and was later replaced by the Committee on Foreign Affairs.

The new agency's chief duty was to conduct correspondence with the few American representatives abroad, who did not number more than 25 at that time.¹

In 1789 the department's duties were considerably expanded. Several functions of a domestic political nature were included in its sphere of authority; it was given the name it has kept since that time--the Department of State.

The following data provides some idea of what the State Department was like at that time: In 1790 its staff consisted of Secretary of State Thomas Jefferson, one senior clerk, three clerks, a translator and a courier, and its annual budget (for the year before) was \$57,619.23.²

The State Department budget for fiscal 1982 has been estimated at 1.9 billion dollars. The State Department employs 15,912 people, with 6,082 of them on the central staff in Washington.³ The United States now has 133 embassies, 12 missions, 67 consulates general, 33 consulates and 34 consulate agencies abroad; it is a member of more than 50 international organizations and participates in more than 800 conferences a year.⁴

The State Department's main function is the practical management of American diplomacy and its coordination with the military, propagandistic, commercial and other activity of the U.S. Government, including political, military, economic, scientific, technical and ideological measures to influence international affairs; the sphere of activity of the so-called new diplomacy of the present day now covers problems connected with energy, raw materials, food, demographic policy, etc. Representing the interests of U.S. ruling circles in the world arena, the State Department organizes the "general political orchestration" of the great variety of contemporary American foreign policy instruments.

The U.S. secretary of state is considered to be the President's main adviser on foreign policy matters. As for the department he heads, it primarily performs the functions of "traditional diplomacy," namely the supervision of overseas representatives and delegations to international conferences and talks, analyzes related information, conducts diplomatic correspondence and protects the interests of American citizens abroad. In addition to this, the State Department has been increasingly involved in matters transcending the bounds of "conventional diplomacy." The global problems listed above, such as the energy, raw material, demographic and food crises, have the most direct effect on the engineering and conduct of U.S. foreign policy.

The influence of domestic political matters on the development of American diplomacy is becoming increasingly noticeable. The American public's dissatisfaction with the conduct of U.S. foreign policy and with its many goals, the shock resulting from the defeat in the aggressive war against Vietnam and the declining prestige of authority as a result of the Watergate scandal motivated ruling circles to seek foreign policy slogans that might restore the voter's trust in U.S. diplomacy. This is precisely why the Carter Administration proposed and publicized the slogans of the notorious policy "in defense of human rights" and displayed exaggerated concern about the "refugee problem," and why the subsequent Reagan Administration assigns priority to the struggle against "international terrorism."

The upper echelon of power in the State Department, on the level where the most important foreign policy decisions are made, consists of a limited number of individuals, including the secretary of state, his deputy secretary, four under-secretaries (for political affairs, for economic affairs, for security assistance, science and technology, and for management), the State Department counselors and the ambassadors at large. They are assisted in their work by the Policy Planning Council and Executive Secretariat.

The executive secretary has jurisdiction over the operational center of the State Department, founded in 1961. The center responds to information requiring immediate action and oversees the accomplishment of necessary measures by various agencies. During times of crisis, special task forces work in the operational center.⁵

The bureaucratic hierarchy in the State Department is reflected not only in its "table of ranks," but also in the very principle governing the location of offices. The offices on each succeeding floor are occupied by persons with more authority (the only exception is the last floor, which houses all of the offices connected

with protocol). For example, when references are made to the "seventh floor," where the offices of the abovementioned top State Department leaders are located, those in the know recognize that these are references to the highest administrative link.⁶

The assistant secretaries of state and officials of equal status who head the department's main subdivisions are next in line in the State Department hierarchy. According to American researchers, it is on this level that the "decisionmaking process with regard to policy content" begins.⁷

The assistant secretary of state performs two main functions: Firstly, he advises the secretary of state on all of the matters within his jurisdiction and, secondly, he heads the corresponding subdivision of the State Department (four or five deputies aid him in the performance of this function).

No discussion of the State Department's administrative link would be complete without some mention of the problem of "political appointees"--that is, the traditional practice of distributing some of the most important positions on the central staff and ambassadorial posts according to various political considerations. An analysis of the Republican Administration's personnel policy in this respect indicates that although there has been no significant change in the selection of ambassadorial candidates in comparison to previous years,⁸ there has been a definite move in the central personnel network toward the "professionalization" of the State Department administrative link and a rise in the proportional number and role of career diplomats in top-level positions. This tendency was also apparent in January 1982, when two top State Department offices ("number two" and "number three" in the hierarchy) were filled by career diplomats W. Stoessel and L. Eagleberger (respectively, deputy secretary and undersecretary for political affairs).

The organizational basis of the State Department consists of agencies (or bureaus). This system resulted from a reorganization conducted in 1833 by Secretary of State L. McLane, when seven subdivisions of this kind were created, with the offices of diplomatic and consular affairs as the most important among them. The reforms of 1870 and 1909 established the regional principle of interdepartmental organization as the dominant one. In 1909, for example, four regional bureaus were created, as well as an office for commercial contacts, which was actually the department's first functional subdivision.

The regional offices are still the most important part of the interdepartmental structure. These are large operational subdivisions responsible for the implementation of U.S. foreign policy in the corresponding geographic regions. There are five such administrations in the State Department: for European affairs (the section on Soviet affairs is part of it), African affairs, East Asian and Pacific Affairs, inter-American affairs and Near Eastern and Southeast Asian affairs.

The section on Soviet affairs has 32 staff members. It is administered by a director and three deputies for political affairs, economic affairs and exchanges. There are four sectors for bilateral relations (concerned with questions of Soviet "internal political development"), multinational relations ("East-West"

relations in Europe, disarmament and arms control, and Soviet policy in relations with Third World countries), economic relations (Soviet-American trade relations, economic sanctions, export controls and Soviet economic analysis) and exchanges (scientific and technical, cultural and athletic contacts). Other State Department agencies are also concerned with Soviet-American relations. In particular, the intelligence and research agency has a Soviet and Eastern European division. In 1977 an interagency coordinating committee on Soviet affairs was established under State Department auspices on the orders of President Carter. The members of the committee are representatives of the State Department, the National Security Council (NSC), the Departments of Defense, Treasury, Commerce and Agriculture, the CIA and several other agencies in the U.S. foreign policy establishment. The executive secretary of the committee is on the staff of the department of Soviet affairs.

The regional administrations assist the secretary of state in the general supervision of the State Department and the coordination and observation of the overseas activity of U.S. departments and agencies within their zones of responsibility. The heads of these regional administrations (assistant secretaries of state) occupy a higher position in the State Department hierarchy than the heads of functional subdivisions on the same level (the latter, for example, must coordinate their proposals and principal overseas programs with the former). However, some tendencies in the development of the foreign policy decisionmaking process in the State Department, which became particularly apparent in recent years, testify to the considerable augmentation of the role of functional subdivisions. The enlargement of several functional administrations and divisions and the increase in their proportional authority in the State Department structure testify that the structure is apparently being reorganized in the direction of more pronounced functionalization.

The traditional functional backbone of the State Department consists of the departments of economic and business affairs, military-political affairs, oceans, international ecological and scientific affairs and international organization affairs.

Another group of functional subdivisions consists of agencies created in line with temporary political considerations. These are the two agencies for human rights and humanitarian issues and for refugee problems. Both of them were created when Carter was in office.

The congressional relations and public affairs offices perform propaganda-informational functions and organize press campaigns to "justify" certain foreign policy measures. The congressional relations office is supposed to secure congressional support for administration foreign policy programs.⁹

The decisionmaking progress in the State Department is backed up by the policy planning council and intelligence and research division, which perform planning analysis functions.

The diplomatic service subdivisions also fall into the functional category--the office of the legal adviser, the protocol office and the bureau of consular affairs. Finally, there are many subdivisions and offices which perform administrative functions.

A special place in the State Department structure is occupied by so-called independent agencies, whose legal status gives them considerable autonomy. These are the Arms Control and Disarmament Agency, the International Communication Agency and the International Development Cooperation Agency,¹⁰ which are concerned respectively with disarmament negotiations; foreign propaganda; and cultural contacts and economic aid. They are under the direct jurisdiction of the secretary of state, who is responsible for the general political supervision of these agencies and the coordination of their activity with the goals and objectives of U.S. foreign policy. The heads of these agencies also advise the President on matters within the jurisdiction of their agencies.

The State Department's role in U.S. foreign policymaking and its place in the American foreign policy establishment change from time to time. They are affected by many factors, both international and internal, with differing degrees of influence.¹¹

One characteristic feature of the activity of the U.S. foreign policy establishment in the 1970's was the exacerbation of conflicts between the State Department leadership and the NSC staff, headed by the President's national security adviser. Twice in this decade, the outcome of the struggle was not in the State Department's favor: Secretaries W. Rogers and C. Vance were forced to submit their resignations, although the circumstances and reasons for the resignations were not the same in both cases.

This rivalry in the foreign policy establishment, which was quite apparent in President Carter's time, became the target of pointed criticism by the Republican Party leaders during the 1980 campaign. In a televised speech in October 1980, Ronald Reagan listed a number of measures which would, in his opinion, "put America in a stronger position in the international arena" and made special mention of the need for the kind of reorganization of the foreign policy establishment that would restore the secretary of state's role as the President's chief adviser and representative in foreign policy matters.

Nevertheless, the situation is still a complicated one. A memorandum submitted to the President by Secretary of State A. Haig immediately after the inauguration, envisaging the transfer of all authority in the sphere of foreign policy to the secretary of state, was rejected by Ronald Reagan, according to reports in the American press, under the pressure of his closest advisers. The result of the subsequent fierce bureaucratic struggle was a compromise reorganization of the NSC, which distributed policymaking authority in matters of "national security" among the State Department, the Pentagon and the CIA, with the President's national security adviser retaining certain coordinating powers.

The power to make policy in an atmosphere of international conflict, which A. Haig wanted to acquire, became part of the responsibilities of Vice-President G. Bush; he was appointed chairman of a crisis regulation group. Since that time, according to G. Bush, the group has met only a few times; the meetings have taken place in an atmosphere of strict secrecy.¹²

Haig's efforts to turn the State Department into the central link of the U.S. foreign policy establishment and to take the reins of American foreign policy firmly in his own hands aroused a negative response among the President's closest

associates, who viewed them as a threat to their own influence and did everything within their power to neutralize them and secure the White House the main levers of foreign policymaking and of the supervision of the most important foreign policy undertakings.

This was reflected, in particular, in the considerable expansion of the powers of the President's national security adviser after Deputy Secretary W. Clark replaced R. Allen in this office in January 1982.

Even though Haig's attempts to set himself up as the President's "deputy" in foreign policy matters were largely futile, the practice of policymaking during the first year of the Reagan Administration proved that the State Department had acquired a relatively strong position in the foreign policy establishment.

This was reflected in the organizational structure of the National Security Council, which was not officially approved by the President for a long time. On 12 January 1982 Ronald Reagan made a special announcement on the NSC structure.¹³ The State Department was assigned the main role in the coordination of interdepartmental activity in the engineering and implementation of American foreign policy.

This coordination is the job of the NSC interdepartmental foreign policy group, headed by the deputy secretary of state. The members of the group are the director of the Central Intelligence Agency, the President's national security adviser, the deputy secretary of defense or his assistant on matters of policy and the chairman of the Joint Chiefs of Staff. The leader of the group can invite representatives of other departments and agencies to discuss specific matters. The group has a secretariat, which is made up mainly of State Department employees.

Regional and functional interdepartmental groups work under the supervision of the top group. The number of regional interdepartmental groups corresponds to the number of regional State Department divisions. Besides this, there are several interdepartmental groups of a functional nature: for military-political affairs, international economic affairs, arms control and others. The interdepartmental regional and functional groups are headed by the appropriate assistants of the secretary of state (the arms control groups can be headed by representatives of the secretary of state and by representatives of the director of the Arms Control and Disarmament Agency) and are essentially identical to the top interdepartmental foreign policy group in terms of their composition. The only exception is the interdepartmental group on international economic affairs, which is also made up of representatives of the Treasury and Commerce Departments and a special representative of the U.S. President at trade negotiations.

The abovementioned interdepartmental groups are responsible for the compilation of plans and programs of foreign policy activity within their sphere of competence, the supervision of their implementation and the organization of interdepartmental research projects.

The regional interdepartmental groups are responsible for the compilation of plans in crisis situations, which they must compile in conjunction with interdepartmental groups on military-political affairs. The interdepartmental groups form special task forces to determine U.S. policy on specific international political crises.

"Bourgeois diplomacy," said USSR Minister of Foreign Affairs and Member of the CPSU Central Committee Politburo A. A. Gromyko, "is still faithfully serving the capitalist order and the monopolistic bourgeoisie, which regard it as an important instrument for the preservation and consolidation of their international positions and the struggle against world socialism and the revolutionary and national liberation movements."¹⁴ American imperialism's present-day diplomacy and the activities of its principal organ--the State Department--completely corroborate this statement.

FOOTNOTES

1. "United States Government Manual 1981/82," Washington, 1981, p 391.
2. DEPARTMENT OF STATE BULLETIN, January 1981, p S37.
3. "Departments of Commerce, Justice and State, the Judiciary and Related Agencies Appropriations for 1982," Hearings before a Subcommittee of the Committee on Appropriations, House of Representatives, part 5, Washington, 1981, pp 2, 15.
4. "United States Government Manual," pp 391, 395.
5. T. Estes and E. Lightner, Jr., "The Department of State," New York, 1976, p 72.
6. J. Esterline and R. Black, "Inside Foreign Policy: The Department of State Political System and Subsystems," Palo Alto (California), 1975, pp 40-43.
7. Ibid., pp 47-48.
8. According to data for 20 November 1981, ambassadorial posts were occupied by 79 career diplomats (74 percent of the total) and 28 "non-professionals" (26 percent). In 1980 76 percent of the ambassadors were "professionals" and 24 percent were "political appointees" (DEPARTMENT OF STATE NEWSLETTER, December 1981, p 17).
9. A detailed discussion of the activities of this office can be found in: L. Burke and D. Johnson, "The Department of State's Congressional Relations Office," FOREIGN SERVICE JOURNAL, February 1980, pp 29-34, 44.
10. The International Development Cooperation Agency was founded in 1979 for the planning and coordination of U.S. economic policy in relations with developing countries. One of its subdivisions is the previously independent Agency for International Development, which manages U.S. economic aid to developing countries on a bilateral basis.
11. V. F. Petrovskiy, "Doktrina 'natsional'noy bezopasnosti' v global'noy strategii SShA" [The Doctrine of "National Security" in U.S. Global Strategy], Moscow, 1980, pp 277-278, 284-285; A. A. Kokoshin, "SShA: za fasadom global'noy politiki (vnutrenniye faktory formirovaniya vneshney politiki

amerikanskogo imperializma na poroge 80-kh godov)" [The United States: Behind the Facade of Global Policy (Internal Factors Affecting American Imperialism's Foreign Policy on the Threshold of the 1980's)], Moscow, 1981, pp 308-309.

12. U.S. NEWS AND WORLD REPORT, 14 December 1981, p 20.

13. WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, 18 January 1982, pp 21-24.

14. "Sovremennaya diplomatiya burzhuznykh gosudarstv" [Contemporary Diplomacy of Bourgeois States], foreword by A. A. Gromyko, Moscow, 1981, p 3.

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CHRONICLE OF SOVIET-AMERICAN RELATIONS, MARCH-MAY 1982

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 7, Jul 82 (signed to press 15 Jun 82) pp 124-127

[Text] March

1 -- The second regional conference of the National Council for American-Soviet friendship finished its work in Washington. Ways of strengthening friendship, cooperation and mutual understanding between the USSR and the United States were discussed at the conference, as well as the means of energizing the struggle for peace, for the prevention of the danger of thermonuclear war and for the cessation of the arms race.

2, 4, 9 -- Plenary meetings of the Soviet and U.S. delegations to the talks on the limitation of nuclear arms in Europe were held in Geneva.

9 -- The influential American CHURCHMAN magazine registered its support for the Soviet proposal regarding the conclusion of an agreement by all states participating in the Conference on Security and Cooperation in Europe on no first use of nuclear or conventional weapons against one another.

11-12 -- A resolution calling for a U.S.-Soviet agreement on a nuclear freeze and the subsequent reduction of nuclear weapons by both sides was supported by 19 senators and more than 120 members of the House of Representatives of the U.S. Congress. The resolution was submitted by senators and congressmen from both parties, including Senators M. Hatfield (Republican, Oregon) and E. Kennedy (Democrat, Massachusetts).

16 -- Addressing the 17th congress of USSR trade unions, General Secretary of the CPSU Central Committee and Chairman of the USSR Supreme Soviet Presidium L. I. Brezhnev reported that, "in an attempt to facilitate the conclusion of a fair agreement on a sizable reduction of nuclear weapons on both sides in Europe and in the hope of setting a good example, the Soviet leadership has decided to impose a unilateral moratorium on the deployment of medium-range nuclear weapons in the European part of the USSR. We are freezing existing weapons in this part of the country in the quantitative and qualitative respects...this moratorium will stay in effect either until an agreement has been concluded with the United States on the reduction of medium-range nuclear weapons in Europe on the basis of equality and equivalent security or until such time as the U.S. leaders display total

contempt for public security by actually preparing for the deployment of the Pershing-2 and cruise missiles in Europe." L. I. Brezhnev also announced that unless the international situation should be aggravated in some new way, the USSR intends to reduce the number of its medium-range missiles this year on its own initiative.

The final meeting of the current round of Soviet-U.S. talks on the limitation of nuclear weapons in Europe was held. The date of 20 May was set for the resumption of the talks.

A regular session of the Soviet-American Permanent Consultative Commission, established in 1972 to aid in attaining the goals and carrying out the provisions of the Soviet-U.S. ABM Treaty, the provisional Soviet-U.S. agreement on some measures to limit strategic offensive weapons and the Soviet-U.S. agreement on ways of reducing the danger of nuclear war, was held in Geneva.

23 -- American Secretary of State A. Haig sent Congress a report on "Chemical Warfare in Southeast Asia and Afghanistan," containing the false allegations that chemical toxic substances of Soviet manufacture were used in Laos, Kampuchea and Afghanistan in recent years.

24 -- Speaking at a ceremony in Tashkent, L. I. Brezhnev stressed that the Soviet leadership's recent decision on the unilateral cessation of the deployment of medium-range nuclear weapons in the European part of the USSR and even a definite reduction in the number of existing missiles of this category, as well as the new Soviet proposals aimed at the limitation of military activity by states, are intended to prevent the danger of nuclear world war, curb the arms race and guarantee lasting peace.

April

6 -- The Soviet press published a note from the Soviet Government to the U.S. Government, containing a resolute protest against the slanderous campaign which has been launched in the United States to implicate the USSR in the alleged use of chemical weapons in Laos, Kampuchea and Afghanistan.

11 -- Secretary General G. Hall of the Communist Party of the United States of America remarked in a DAILY WORLD article: "We must demand that our government support the unilateral Soviet initiative with regard to the nuclear freeze and the many other peaceful proposals made by the USSR in recent years. We must exert stronger pressure on the administration and demand that it renounce the first use of nuclear weapons and all attempts to achieve nuclear superiority."

15 -- According to the data of Yankelovich Skelly & White, a firm which analyzes public opinion in the United States, 71 percent of all Americans would prefer talks on disarmament with the USSR to the expansion of the U.S. nuclear arsenal and 70 percent believe that the United States and the USSR should stop testing, producing and deploying nuclear weapons.

16 -- Addressing the National Press Club in Washington, former Director P. Warnke of the U.S. Arms Control and Disarmament Agency condemned the demagogic position taken by the Reagan Administration with regard to the proposed nuclear freeze and subsequent reduction of Soviet and U.S. nuclear stockpiles.

18 -- In response to the questions of a PRAVDA correspondent, General Secretary of the CPSU Central Committee and Chairman of the USSR Supreme Soviet Presidium L. I. Brezhnev said: "We favor the kind of Soviet-American summit meeting that would correspond to the great responsibility of our states for the world situation and would justify the hopes it arouses."

19 -- President Ronald Reagan presented his regular address to the nation and stated, in particular, that the recognition of equality and equivalent security in the 1970's was supposedly a unilateral and unwarranted concession on the part of the United States, which allegedly resulted in a threat to the balance of military forces that makes the preservation of peace possible.

Democratic Senator E. Kennedy, prominent U.S. political figure, appeared on American television and accused the Reagan Administration of doing nothing to promote arms control. "The White House supposition that weapons should be built up now so that their subsequent reduction will be 'easier' is senseless," he stressed.

21 -- Republican Senator A. Specter submitted a draft resolution to the Senate for the purpose of reducing the danger of nuclear war and finding ways of establishing better control over nuclear weapons and their reduction. He also stressed that he had every reason to believe that the Soviet Union is interested in the reduction of nuclear weapons and is willing to negotiate this vitally important issue.

22 -- Speaking at a ceremony commemorating the 112th anniversary of V. I. Lenin's birth, Yu. V. Andropov condemned the U.S. Administration's attempts to "direct the entire development of international relations into a dangerous channel. Understandably, the United States has not been successful, but it is nonetheless significant that these attempts are having a negative effect on the situation as a whole and are increasing the danger of war."

25 -- Chairman C. Percy of the Senate Foreign Relations Committee, prominent figure in the Republican Party, said in a WASHINGTON POST interview that the U.S. Administration should resume the SALT negotiations without delay. "This is the most important problem facing mankind and it is certainly the most important problem facing the Senate. We must make every effort to resume the negotiation process," Percy stressed.

26 -- The session of the Soviet-American Permanent Consultative Commission, created in 1972 to aid in attaining the goals and carrying out the provisions of the Soviet-U.S. ABM Treaty, the provisional agreement on some measures to limit strategic offensive weapons and the Soviet-U.S. agreement on measures to reduce the danger of nuclear war, ended in Geneva.

30 -- The annual meeting of the U.S. National Academy of Sciences approved a message to the President and Congress, asking them to observe the conditions of the SALT II Treaty, take effective measures to achieve a fair and controllable

agreement between the United States and the USSR on strategic arms limitation and the considerable reduction of nuclear weapons and the means of their delivery, and take the necessary steps to stop future nuclear proliferation and reduce the risk of the accidental start of nuclear war.

May

1 -- Former U.S. Secretary of Defense H. Brown advised the ratification of the SALT II Treaty without delay. In hearings before the Senate Foreign Relations Committee, he said that the refusal to reconsider this important document "would be a big mistake."

3 -- The Soviet press published L. I. Brezhnev's reply to a message from the second international congress of "Physicians of the World for the Prevention of Nuclear War," which notes that "the statements that nuclear war can be 'limited' are simply a cover for far-reaching plans for a nuclear world war." L. I. Brezhnev stressed that "insurmountable obstacles to nuclear war must be erected without delay" and that "the Soviet Union is willing to conclude the most radical agreements in this area with other countries."

8 -- A statement by Soviet scholars protesting Washington's decision to expand its arsenal of chemical weapons was published in PRAVDA.

9 -- President Ronald Reagan delivered a speech in Eureka (Illinois), explaining the administration's "new" approach to strategic arms limitation talks. He said that the purpose of the talks is to "guarantee the genuine and long-term limitation of Soviet military programs." His statements imply that virtually all concessions would have to be made by the Soviet Union.

12 -- Former Secretary of State C. Vance announced that the Soviet-American SALT II Treaty could and should be ratified by the U.S. Senate at once and that this would be an excellent point of departure for future arms reduction. He also appealed for other arms control agreements, which should be "all-encompassing, far-reaching, balanced, equal and verifiable."

Vance also said that "we are responsible for meeting the Soviet Union half-way to reach agreements in areas where our interests coincide."

18 -- In a speech at the 19th Komsomol Congress, General Secretary of the CPSU Central Committee and Chairman of the USSR Supreme Soviet Presidium L. I. Brezhnev put forth a new peaceful initiative, proposing that Soviet and U.S. strategic weapons be frozen in the quantitative sense as soon as the talks begin and that maximum restrictions be imposed on their modernization. Furthermore, neither the United States nor the Soviet Union should take any actions that might disrupt the stability of the strategic situation.

20 -- The Soviet-American talks on the limitation of nuclear weapons in Europe resumed in Geneva. A plenary meeting of the delegations was held. The USSR delegation is headed by Ambassador Yu. A. Kvitsinskiy and the head of the U.S. delegation is Ambassador P. Nitze.

23 -- Speaking at Georgetown University's Center for Strategic and International Studies, the President's National Security Adviser W. Clark set forth the basic premises of the United States' current military-political strategy. He said that the primary goal of U.S. strategy is "the kind of world order that will correspond to American institutions and principles." Reiterating the claims that U.S. interests "are of a global nature" and that the United States "has vital interests throughout the world," Clark asserted that the "most obvious threat" to them "is posed by the Soviet Union."

25, 27 -- Plenary sessions were held in Geneva at the Soviet-American talks on the limitation of nuclear weapons in Europe.

25 -- Speaking at a luncheon in honor of R. Kirchschläger, federal president of the Republic of Austria, Comrade L. I. Brezhnev said: "Although we assign priority to nuclear disarmament, we are also willing to conduct talks and conclude agreements on the limitation and reduction of any type or system of weapons."

27 -- At a press conference for Soviet and foreign journalists on the conclusion of the work of the "Independent Commission on Disarmament and Security" and the problems of Soviet-American relations, peace and disarmament, a report on the work of the commission was presented by Academician G. A. Arbatov, director of the Institute of U.S. and Canadian Studies, USSR Academy of Sciences, and member of the "Palme Commission."

Speaking at Boston College, U.S. Vice-President G. Bush rejected the proposals of a nuclear freeze, even though some of these proposals are being put forth in the United States. He bluntly asserted that the Soviet Union "represents a threat to the United States" and that the nuclear weapons possessed by the United States supposedly give it an opportunity to exert pressure on the Soviet Union and conduct talks with it "from a position of strength."

30 -- Prominent American politician A. Cranston, Democratic minority whip in the U.S. Senate, pointedly criticized the actions of the leaders of the U.S. Administration, stressing that "our present leaders are not only incapable of finding solutions to problems but are only impeding the achievement of peace with their actions and incoherent warnings." Cranston insisted that Washington "freeze" nuclear stockpiles and set out on the road to peace.

31 -- When General Secretary of the CPSU Central Committee and Chairman of the USSR Supreme Soviet Presidium L. I. Brezhnev was awarded the highest honor of Vietnam, he said: "We favor the kind of talks that are conducted not for the purpose of camouflaging military preparations, but for the purpose of concluding specific agreements that will be acceptable to both sides and will reduce the risk of military conflict.... We favor the kind of peace that presupposes not diktat and the imposition of the will of some states on others, not interference in the affairs of others and not threats, arbitrary 'sanctions' and discrimination, but genuine equality, unflagging respect for the independence of each state and truly mutually beneficial cooperation among states. This policy does not threaten anyone; it is in the interests of all people."

The USSR and United States agreed to begin official talks on the limitation and reduction of strategic weapons on 29 June 1982 in Geneva, Switzerland. The Soviet delegation will be headed by Ambassador V. P. Karpov and the American delegation will be headed by Ambassador E. Rouney.

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